

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 27 November 2019 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks, Councillor M Brown, Councillor R Crowe and Councillor D Cumberlidge

13 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

14 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

Other than the usual practice of the Council to record the meeting, there were no declarations of intention to record the meeting.

15 MINUTES OF THE MEETING HELD ON 24 JULY 2019

Subject to an amendment to include Councillor M. Browns apologies, the Minutes of the meeting held on 24 July 2019 were approved as a correct record and signed by the Chairman.

16 INTERNAL AUDIT PROGRESS REPORT 2019/20

The Principal Auditor, Assurance Lincs, was in attendance to present the Internal Audit Progress report during the period April 2019 to 31 October 2019. Eight audits had been completed during the period, with the following assurance levels:

- Community Centres – Limited;
- Procurement Card – Limited;
- Strategic Asset Management – Substantial;
- ICT Governance – Substantial;
- Customer Comments – Substantial;
- NSDC Companies (Governance) – Substantial;
- Financial Strategy and Modelling – High; and
- Follow-up Work (implementation of actions – High.

Overall there were 47 agreed actions remaining to be implemented (16 'High' rated and 31 'Medium' rated recommendations). There were 25 actions that are overdue, 13 high and 12 Medium which were detailed in the report.

The Chairman explained that the Business Manager with responsibility for the Procurement card was in attendance with regard to the limited assurance audit issued. The Committee noted that the audit had been issues just after their previous meeting and therefore there had been time for recommended actions to be put in place and progress monitored. The Business Manager- Administrative Services explained that since the audit, 11 actions had been put in place to address the issue highlighted by the audit and progress against these would be monitored.

The Committee heard that there had not been action against two risks, which were contactless cards and checks around making card purchases within a business unit. The Business Manager- Administrative Services explained that Natwest were unable to issues non-contactless cards however, Members suggested investigating options around reducing the contactless limit to mitigate the risk of theft of the Pcards. Most Pcard purchases were made in the office for online only items and there were daily and monthly spend limits in place. Additional checks on purchases were now in place, undertaken by the Business Manager- Administrative Services.

The Committee considered the other audits issues during the period and agreed that the Business Managers for Leisure Centres, Strategic Asset Management and NSDC Companies Governance be invited to attend the next meeting of the Committee to address issues highlighted in the relevant audits.

AGREED The Committee noted the report.

17 HEALTH CHECK - VALUES AND CULTURE

The Director- Governance and Organisational Development was in attendance to present a report proposing work to be undertaken by the Council's Internal Auditors conducting a health check for the authority around its culture and values. The model, developed by Assurance Lincs was designed to examine the principles underpinning service delivery on a day to day basis. The Senior Leadership Team strongly supported the health check to test the extent to which the ethics and values of the Council were effective the organisation and operation. It was proposed to undertake the work in February 2020, and that the Chairman of the Committee be Member Champion to oversee the work.

The Committee considered the proposed work, and the presentation from Assurance Lincolnshire to the Senior Leadership Team in June regarding the proposed health check. All Members were in support of undertaking the health check, and received assurance that opinion from officers at all levels throughout the Council would be included.

AGREED that

- a) the Committee support the commissioning of the health check – value and culture to be conducted by Assurance Lincolnshire; and
- b) the Chairman of the Committee be selected to be the Member Champion to oversee and assist the smooth running of the review work.

18 TREASURY PERFORMANCE MID YEAR REPORT

The Assistant Business Manager- Financial Services presented the Treasury Management 2019/20 mid year report. The report included a summary of treasury balances, details of the capital expenditure and borrowing activity and investment activity.

The Committee heard that one prudential indicator had been breached during the period, when on 1 August 2019, the limit for holding monies overnight in the Councils bank account was breached. The Assistant Business Manager explained that this had been a deliberate decision taken due to the circumstances on the day. The Committee heard that due to staff leave and switching of staff roles, there had not been two staff signatories available on the day to move the funds out of the account. There was a large payment due out of the bank account on 2nd August which brought the total back under the limit. Officers had therefore left the funds overnight, rather than move them without appropriate authorisation and duly reported the breach to the Audit Committee. The Committee were satisfied that actions had subsequently taken place, including a signatories rota to ensure that there would always be the required number of authorised staff available to reduce the risk of any further breaches.

AGREED that

- a) the treasury management activity be noted and recommend to Full Council on 17 December 2019; and
- b) the Prudential Indicators detailed in Section 9 of the report be noted.

19 ANNUAL AUDIT LETTER 2018/19

The Business Manager- Financial Services presented the External Auditors Annual Audit Letter 2018/19. The Auditors had issued an unqualified opinion on the Council's accounts and there were no additional audit fees for the year.

AGREED that the Annual Audit letter be noted.

20 COUNTER FRAUD ACTIVITY REPORT

The Business Manager- Financial Services presented the report detailing the Counter Fraud Activity undertaken from 1 April 2019 to 31 October 2019. The Committee noted that 212 potentially fraudulent claims for housing benefit had been referred to the Fraud and Error service for investigation. The National Fraud investigation 2018/19 had generated 173 cases of suspected fraud under the Council tax single person benefit scheme.

The Committee noted that following the publication of the Counter Fraud Internal Audit Report, which had gained substantial assurance, both recommendations made had been implemented. These were to ensure that all documents reflect the actual handling processes of housing benefit fraud, and to update the telephone number on the internet and intranet for whistleblowing reports.

Contract procedure rules had been updated to reflect procurement undertaken by Welland Procurement, rather than an in-house function, and the Commercialisation Business Unit had begun to review a selection of key contracts to ensure that contracts were being enforced where applicable.

AGREED that the report be noted.

21 RESULTS OF THE REVIEW OF THE ASSESSMENT OF EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Business Manager- Financial Assistant presented the results of the recent assessment of the effectiveness of the Internal Audit Function including the self-assessment of the Committee. A working group of the Committee had considered the self-assessment from Assurance Lincolnshire, which had resulted as conforming to the standards, with continuous improvement required and actions required had been identified in a Quality Assurance Improvement Plan.

The Committees self-assessment was made using the CIPFA guidance, and highlighted 8 areas where the group considered the Committee partly met best practice, and 4 where the Committee did not meet best practice. An action plan had been developed to address the areas which was included in the report to Members.

The Committee considered the action plans for both parts of the assessment.

AGREED that

- (a) notes the results of the review of the effectiveness of the Internal Audit Function;
- (b) notes the results of the Self-Assessment of the Effectiveness of the Audit & Accounts Committee;
- (c) adopts the action plan;
- (d) agrees that the next assessment should be undertaken in July 2020;

22 AUDIT COMMITTEE WORK PROGRAMME

The Committee noted the Work Programme, and the Business Manager- Financial Services outlined the items to be considered at their meeting in February. The Chairman enquired whether any Members felt any of the issues considered by the Committee at the meeting should be raised with the Chief Executive or Leader. The Committee agreed that there were no issues to raise, but wished to express their thanks to all staff involved in the work of the Audit and Accounts Committee.

23 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 5 February 2019.

Meeting closed at 11.01 am.

Chairman