

# Public Document Pack

Subject to approval at the next Audit & Governance Committee meeting

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## AUDIT & GOVERNANCE COMMITTEE

16 November 2021 at 10.00 am

Present: Councillors Clayden (Chair), Chapman (Vice-Chair), Chace, Haywood, Oliver-Redgate, Staniforth and Tilbrook

### 427. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Bennett, Goodheart and Northeast

### 428. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

### 429. MINUTES

The Minutes of the meeting held on 7 October 2021 were approved by the Committee. These would be signed at the end of the meeting.

### 430. PUBLIC QUESTION TIME

The Chair confirmed that no questions were submitted for this meeting.

### 431. AUDIT FEES 2019/20 UPDATE

Upon invitation of the Chair, the Internal Audit Manager introduced his report. He explained that since publishing the Agenda, the Committee has received a response from Public Sector Audit Appointments Ltd (PSAA), to say that following the review of the fee variation proposal, the variation they supported was roughly £14500, which was less than half of the fee variation. Through PSAA the Council had been allocated £22666 of Government funding to support affected local bodies to meet the anticipated rise in fees for 2020/21 audits. The PSAA reply (and also an additional letter from Ernst & Young) covering the delay to the commencement of the audit, provided some wording to be published by the Council to explain that the Accounts had not yet been audited and the reasons for this. This has been published with the unaudited draft Accounts on the Council's website and the external audit was currently underway.

There were no questions from Members.

The Committee agreed that they had noted the correspondence From PSAA updating the Council on the outcome of its review of the fee variation proposal.

### 432. ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITOR

Upon invitation of the Chair, the Interim Group Head for Corporate Support introduced her report, which explained the advantages and risks that could be adopted

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for future arrangements for the appointment of external auditors. It mentioned limited availability of suitable auditors and the requirement to set up an independent Audit Panel, which was the main disadvantage of both the stand-alone and joint procurement options.

There were no questions from Members.

The recommendations were Proposed by Councillor Chapman and Seconded by Councillor Oliver-Redgate.

The Committee

RECOMMEND TO FULL COUNCIL – that

- 1) Opting-in to the Sector Led Body for the procurement and appointment of external auditors with effect from 2023/24 be approved; and
- 2) The responsible Officers be authorised to opt-in to the Sector Led Body for the procurement and appointment of external auditors with effect from 2023/24.

433. TREASURY MANAGEMENT MID-YEAR REPORT 2021/22

Upon invitation of the Chair, the Senior Accountant (Treasury) introduced her report. She drew Members' attention to the interest rate forecast at 3.2 on Page 27, informing Members they had now been advised by Link Group that there would be an increase in December 2021 of up to 0.25% and in June 2022 of up to 0.50%, which was different to the figures shown in the table. Also on Page 30, Leads & Principality had now been added to the investment list which adhered to Category 4 on page 41 of the approved strategy.

There were no questions from Members.

The recommendations were Proposed by Councillor Chapman and Seconded by Councillor Chace.

The Committee

RECOMMEND TO FULL COUNCIL – that

- (i) the actual prudential and treasury indicators for 2021/22 contained in the report be approved;
- (ii) the treasury management mid-year review (this report) for 2021/22 be noted;

- (iii) the treasury mid-year activity for the period ended 30th September 2021, which has generated interest receipts of £225,000 (0.62%) year to date, against a budget of £332,000 (0.64%) for the full year be noted.
- (iv) the addition of Leeds and Principality Building Society to the lending list adhering to the required criteria of category 4 be noted.

#### 434. ARUN DISTRICT COUNCIL PARTNERSHIPS REGISTER

Upon invitation of the Chair, the Internal Audit Manager introduced the report. He explained that he was presenting the report on behalf of the Group Head of Policy, who was unable to attend the Meeting. He highlighted paragraph 3.2, an agreed definition of what constituted a partnership arrangement for this purpose, and paragraph 2.7 which excluded purely contractual relationships with key partners (e.g. Biffa, Freedom Leisure, etc.), which should have formal governance and reporting in place. The Register would need to be maintained by Officers and reviewed periodically by Members and, should it be required, further review of some partnerships may be requested, to consider the role of the Council and to confirm that appropriate benefits were being achieved.

A discussion then took place, and the following points were raised:

- The report was welcomed, along with the opportunity for Internal Audit to carry out detailed reviews, as prior to this there had been no mechanism to carry out Partnership reviews.
- Clarification was sought on how often the register would be reported back to the Audit & Governance Committee, and also how the work would be resourced and funded. It was agreed the Committee Manager would request an update from the Group Head of Policy, to be circulated to Members.

The recommendation was Proposed by Councillor Chapman and Seconded by Councillor Staniforth.

The Committee

RESOLVED

That the Audit and Governance Committee review the Partnerships Register on an annual basis and direct Internal Audit to carry out detailed reviews where necessary

#### 435. UPDATED RISK MANAGEMENT POLICY STATEMENT AND STRATEGY

Upon invitation of the Chair, the Internal Audit Manager introduced the report.

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It was observed by Members that the Terms of Reference of Committees would be subject to change as Arun District Council moved forward corporately. This would potentially be subject to close scrutiny, possibly by a joint Officer/Member team, to ensure Risk matters were not missed.

The recommendation was Proposed by Councillor Oliver-Redgate and Seconded by Councillor Haywood.

The Committee

#### RESOLVED

That the updated Risk Management Policy Statement & Strategy, which was to be amended by the Internal Audit Manager to reflect the recent name changes of some Committees, was considered and noted

#### 436. UPDATED STRATEGIC RISK REGISTER 2021/22

Upon invitation of the Chair, the Internal Audit Manager introduced the report. He explained the Council's updated Strategic Risk Register was presented on behalf of the Governance & Risk Group following its annual review. The document had last been noted by the Committee in July 2020 following an urgent interim review to include the significant Covid-19 risk that had materialised. The Governance & Risk Group's review had agreed some wording changes and updates to various risks. No risks had been added or removed and the only risks that required altered scoring by the Group were Elections (17) and the Coronavirus Pandemic (20). The Elections risk had been increased in 2020 as there was a backlog of events and there were concerns as to how an election could be held with requirements to meet Covid-19 social distancing, etc. As the situation became less restrictive and the May 2021 elections were successfully conducted it was felt appropriate that this risk was reduced slightly. The Coronavirus Pandemic risk had been included urgently in 2020 at the highest red level as the situation developed from March onwards with significant restrictions in place and massive uncertainty for the future. The situation had since improved with most restrictions currently removed and far more was now known. In light of this it had been felt appropriate to reduce the risk score slightly. However, this still remained a significant risk (rated red) as the situation remained under review nationally

The Internal Audit Manager was thanked for presenting the report on behalf of the Risk Management Group. It was stated that this was an important document, and it was worth Members continuing to be aware of the areas of risk

The recommendation was Proposed by Councillor Chace and Seconded by Councillor Oliver-Redgate.

The Committee

RESOLVED

That the revised Strategic Risk Register was considered and noted

437. PROGRESS AGAINST THE AUDIT PLAN

Upon invitation of the Chair, the Internal Audit Manager introduced the report.

The report was noted by the Committee.

438. WORK PROGRAMME

The Committee then noted the Work Programme.

(The meeting concluded at 10.30 am)

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