

Agenda Item 26.

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON 23 SEPTEMBER 2020 FROM 7.00 PM TO 8.45 PM

Committee Members Present

Councillors: Bill Soane (Chairman), Dianne King (Vice-Chairman), Rachel Burgess, Maria Gee, Angus Ross, Daniel Sargeant and Imogen Shepherd-DuBey

Also Present

Madeleine Shopland, Democratic & Electoral Services Specialist

Justine Thorpe, Ernst & Young

Catherine Hickman, Lead Specialist Internal Audit and Investigations

Amanda Lawes, Audit and Investigation Specialist

Andrew Moulton, Assistant Director Governance

Bob Watson, Head of Finance

Keeley Clements, Director Communities, Insight and Change

Sally Watkins, Assistant Director Digital and Change

14. APOLOGIES

An apology for absence was submitted from Helen Thompson, Ernst & Young.

15. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 29 July 2020 were confirmed as a correct record and will be signed by the Chairman at a future date.

16. DECLARATION OF INTEREST

There were no declarations of interest submitted.

17. PUBLIC QUESTION TIME

There were no Public questions.

18. MEMBER QUESTION TIME

There were no Member questions.

19. UPDATE ON THE PROGRESS OF THE YEAR-END AUDIT

The Head of Finance and Justine Thorpe, Ernst & Young, provided an update on the progress of the year-end audit.

During the discussion of this item, the following points were made:

- The Head of Finance stated that the draft statement of accounts had been published in August in accordance with guidelines. Ernst & Young had done some preliminary work prior to the publication of the draft accounts and would also carry out further work in the near future. The final accounts would be produced by the end of November.
- Justine Thorpe indicated that the Finance Team had a finite capacity and had been dealing with the Covid payments, hence Ernst & Young had a second phase of the audit starting 28 September. The draft audit results report would be taken to the Committee's November meeting.
- Councillor Gee stated that the Royal Institute of Chartered Surveyors had changed its advice about giving qualified or unqualified opinions on property values during the Covid period. She questioned whether any of the properties that the Council

had had valued, had had a qualified or unqualified report on those assets, provided. The Head of Finance stated that the accounts were published as at the 31 March, pre dating the impact of Covid on valuations. However, an interim review would be carried out to make sure that nothing had changed as post balance sheet events. He would speak to the valuations team to establish on what basis the assets had been evaluated.

- The Head of Finance indicated that he would write a going concern note to the auditors.
- Justine Thorpe emphasised that Covid had thrown the PPE valuation into uncertainty as it had also done with pension asset evaluations.
- There would be more focus this year on levels of going concern but a risk based approach would be taken.
- Justine Thorpe confirmed that investment properties as well as PPE would be looked at.
- Councillor Ross questioned whether any issues were anticipated with the pension's element of the audit. The Head of Finance stated that he had spoken to the Director of Resources from Royal Borough of Windsor and Maidenhead Council who had been assured by Deloittes, that it would be completed on time. He added that it had been fed back that Ernst & Young would need to undertake their Audit work prior to the November Audit Committee and that it was hoped that the pensions work would be completed by the end of October. Justine Thorpe indicated that the previous year had been the first year that Deloitte had undertaken public sector audits for some time.

RESOLVED: That the update be noted.

20. CORPORATE RISK MANAGEMENT

The Committee considered the Corporate Risk Register.

During the discussion of this item, the following points were made:

- Discussions had commenced on the identification and mapping of interdependencies between risks in order to better understand and mitigate the impact of a number of risks materialising simultaneously. The output from these discussions would be shown in the next iteration of the Corporate Risk Register.
- One new risk had been added covering housing numbers in the Borough (risk no.19). This has been added in response to the Government consultation paper on Planning for the Future,
- The Brexit risk (no.10) had an increased risk profile resulting in further mitigating actions being planned. Members were reminded that the Brexit Officers Group had been re-established.
- The Climate Emergency risk (no. 13) in terms of impact and likelihood had been re-assessed as "Very High." Overview and Scrutiny had been reviewing Climate Emergency and a report on their findings would be considered by the Executive in the future. Mitigations for the risk might change following this.
- The Pandemic risk (no. 18) in terms of impact and likelihood has been re-assessed as "High." The Covid situation was fast moving and changing.
- The Director Communities, Insight and Change indicated that her directorate had been formed in March and that she had joined the Council in May.
- The Director Communities, Insight and Change indicated that she was responsible for;
 - digital and change;

- customer and localities
 - communications, engagement and marketing;
 - Human Resources
 - Strategy and planning
- Covid had changed the Council's work pattern and had led to a change in behaviours. Having the majority of the workforce working from home had put great pressure on the IT system and a robust IT infrastructure had been vital.
 - The Assistant Director Digital and Change indicated that the Council's telephony structure had been built and sized for a primarily office based workforce. Whilst IT had planned to move to a more cloud based solution, this had been planned for 2023/24. However, IT had been able to look at the way in which the telephony system was set up to ensure that there were no breaks in service either for external or internal customers. All critical services were currently forwarded out through the infrastructure. Contact centre staff could continue to work from home during the pandemic. Adults and Children's Services calls had been moved into Netcall, the Council's contact centre solution.
 - The amount of staff working from home had grown from approximately 300 to approximately 1100 during the pandemic. The Council's internet capacity had been increased from 300MB to 700MB. Mitigating actions had been put into place very quickly.
 - Councillor Shepherd-Dubey asked about the single point of failure firewall. The Assistant Director Digital and Change commented that there were sufficient steps in place to ensure that the Council could still continue to work successfully. Over the next year, the Council would look to move its firewall into Microsoft Azure Cloud. At present, there were no corporate level concerns. The Assistant Director Digital and Change offered to provide an update at the Committee's next meeting. She emphasised that 75% of the Council's services were cloud based but there were some that could not be supplier hosted or be run through Microsoft Azure Cloud.
 - Councillor Shepherd-Dubey questioned why the Climate Emergency risk was 'very high'. The Assistant Director Governance indicated that it was one of the Council's key priorities. Councillor Burgess added that the Climate Emergency Task and Finish Group had reviewed and commented on the Climate Emergency Action Plan.
 - Councillor Sargeant asked about measures being taken to mitigate against the workforce risk in light of Covid. The Director Communities, Insight and Change stated that where staff were working from home there was now virtual teams. Many podcasts on running a virtual team and also wellbeing had been produced. Update emails and newsletters were sent to staff and the Chief Executive had introduced the Big Chat, a weekly opportunity to update staff and for them to ask questions.
 - In response to a question from Councillor Ross, regarding her areas of responsibilities, the Director Communities, Insight and Change clarified that the Strategy and Planning team dealt with matters such as the KPI reporting and helping to produce the Council Plan.
 - Councillor Ross noted that with regards to Risk 19, the Corporate Risk Register stated that as it was a new and emerging risk with a short-term timescale, a verbal update would be provided at the Audit Committee meeting. The Assistant Director Governance indicated that he had nothing further to add to the statement made by the Leader of the Council at the Council meeting on 17 September.
 - Councillor Gee expressed surprise that the Government's proposals around land supply had not been included as a separate risk. The Assistant Director Governance indicated that Risk 19 was intended to cover everything within the Government consultation.

- Councillor Gee referred to the risk around SEND reform and questioned how much of the relevant workforce was permanent and how much was temporary, what the level vacancies was, and how this impacted on staff morale. The Assistant Director Governance agreed to seek clarification from the Director Children's Services, who he suggested the Committee invite to the next meeting to present the Corporate Risk Register.
- Councillor Gee stated that not all residents, particularly some more elderly residents, were online. She asked how these residents were supported. The Assistant Director Governance emphasised that the Council had been looking for some time at ensuring that its services were inclusive. Overview and Scrutiny were currently reviewing the Council's response to the Covid pandemic and this included how it had responded to its elderly and vulnerable residents. The Assistant Director Digital and Change added that key services had still been available via telephone during the pandemic.
- With regards to the Safeguarding Children and Young People risk, Councillor Burgess noted that the reporting of domestic abuse had increased as had mental health and emotional wellbeing challenges, and asked how this was being managed and mitigated against. The Assistant Director Governance indicated that he would seek a response from the Director Children's Services.
- In response to a question from Councillor Burgess regarding the data protection risk, the Assistant Director Governance clarified that a data protection audit had recently been carried out and was in its final stages. It would receive a level 2 assurance.
- Councillor Burgess felt that the leaflet drop listed as a mitigating action for Risk 19 was a political decision rather than a genuine mitigating action.
- With regards to the risk around equality duty, Councillor Burgess suggested that an assessment be carried out about how different groups had been impacted by Covid. The Assistant Director Governance indicated that part of Overview and Scrutiny's review of the Council's response to the pandemic, would include this element. It was agreed that the wording of the risk could be crisper.
- Councillor Shepherd-DuBey felt that more could be done around equalities.
- Justine Thorpe suggested that the Audit Committee should not be reviewing individual risks within the Corporate Risk Register and should be seeking overall assurance on the process of risk management to ensure that everything was working well.
- With regards to GDPR, Councillor Shepherd-DuBey asked how the Council managed organisations that handled data for it. She was informed that information sharing agreements were in place and that any data breaches would be reported.

RESOLVED: That the risks and mitigating actions of the Council's corporate risks, be considered and noted.

21. RISK MANAGEMENT AUDIT 2020-21

The Audit and Investigation Specialist presented a report on the Risk Management Audit 2020-21.

During the discussion of this item, the following points were made:

- An audit of the Council's risk management had been carried out during spring and summer.
- The second highest level of assurance had been given.
- There had been a lot of engagement throughout the audit.

- Three concerns had been identified and action had already been taken with regards to some of them.
- The Corporate Risk Register and the Directorate risk registers had been updated during the process.
- A Risk Management Officer Group was being created and would have representatives from across the Council.
- Councillor Burgess asked the Audit and Investigation Specialist for her views as to whether the Audit Committee should consider the Corporate Risk Register or not, who responded that an overview of the process was helpful. As part of the audit, all of the individual risks had been discussed with officers.
- Councillor Gee asked for an explanation of what was meant by risk appetite and how it would be cascaded throughout the Council. The Audit and Investigation Specialist stated that because the Corporate Risk Register and Departmental Risk Registers were being updated at the time a detailed conversation was not had on Risk Appetite. Different Councils could have different ideas of Risk Appetite. There was a need to balance against the risk the Council or department was willing to accept, and to decide where the risk appetite sat. The tolerance for some risks was higher than others.
- Training would be undertaken on Risk Management.
- Justine Thorpe commented that the implementation of risk management needed to come from both the top and the bottom of the organisation.
- With regards to good practice, Councillor Ross questioned how the Council compared with comparable authorities and was informed by the Audit and Investigation Specialist that the Council performed well.
- Councillor Shepherd-Dubey questioned why N/A had been written against whether an Equalities Impact Assessment (EQIA) had been carried out. The Assistant Director Governance commented that it was not directly relevant as the report purely reflected the results of the audit.

RESOLVED: That the findings of a recent Internal Audit review of Risk Management be noted.

22. 2020/21 ANNUAL AUDIT AND INVESTIGATION PLAN IN YEAR REVIEW

The Committee received the 2020/2021 Annual Audit and Investigation Plan in Year Review.

During the discussion of this item, the following points were made:

- The Lead Specialist Internal Audit and Investigations indicated that the plan had originally been agreed by the Committee in February, immediately prior to Covid.
- Some audits scheduled earlier in the year had not been undertaken due to Covid. The team had been assisting the Finance team in ensuring Covid business payments had been correctly paid out.
- The activity for the remainder of the year had been refocused and the planning for 2021/22 year would begin soon.
- Councillor Gee expressed disappointment that an audit of the asset register that she had requested had not been included.
- Councillor Gee noted that the Brexit audit was no longer taking place but the risk around Brexit had been increased on the Corporate Risk Register. She questioned why this was. The Lead Specialist Internal Audit and Investigations indicated that the team had reprioritised its work. Audit officers would no longer attend the Brexit

officer group meetings but would still be available should advice be required. They would continue to stay abreast of developments.

- Councillor Gee expressed surprise that the number of days for an audit of the Adult Social Care provider market had decreased from 20 to 0. She felt that some key issues were no longer being audited. The Lead Specialist Internal Audit and Investigations commented that the team was working within limited resources. The audit days for some key risks on the Corporate Risk Register, such as financial systems, had increased.
- The Head of Finance indicated that payments and systems and Covid 19 response elements referred to within the Plan, were required by Government.
- Councillor Burgess stated that the reduction of audit days in some areas was concerning but that she understood the reasons provided. She questioned whether it would have an impact on Internal Audit's ability to provide a year end opinion. The Lead Specialist Internal Audit and Investigations stated that she had liaised with the Head of Internal Audit on the matter who had felt that the Plan was correctly balanced. Justine Thorpe, Ernst & Young, indicated that external audit also considered the Head of Internal Audit's opinion.
- The Assistant Director Governance reminded Members that the 2021/22 Plan would be presented at the Committee's February meeting and would focus on key corporate risks.

RESOLVED: That the updated 2020/21 Audit and Investigation Plan be noted.

23. EFFECTIVENESS OF AUDIT COMMITTEE

The Committee discussed the effectiveness of the Audit Committee.

During the discussion of this item, the following points were made:

- The Assistant Director Governance referred to the CIPFA Audit Committees Practical Guidance for Local Authorities and Police contained within the agenda. He indicated that he would produce a brief survey on the effectiveness of the Audit Committee. It was suggested that this be sent to Audit Committee members, all other Members, Ernst & Young, and also the Directors to give a fuller picture.
- The survey would help to identify individual and collective training needs.
- The Audit Committee's terms of reference would be circulated to Members to remind them of the Committee's functions and to establish whether the terms of reference required further review.
- The results of the survey and an explanatory report would be taken to the Committee's November meeting.
- Councillor Gee questioned whether one version of the survey would be produced for Audit Committee members, and another for other Members who may be less aware of the role of the Committee.
- A number of Members supported circulating the survey to all Members.
- Councillor King questioned whether the Audit Committee would see the survey prior to it being circulated to other Members.
- Councillor Burgess identified value for money and fraud as areas where the Committee could receive further training.
- Councillor Burgess referred to the independence of the Committee. She questioned whether the Committee should have an independent member and if the Chairman of the Committee should be a member of the Opposition.

- Justine Thorpe, Ernst & Young commented that she was encouraged by the Committee's enthusiasm.

RESOLVED: That

- 1) a survey on the effectiveness of the Audit Committee be produced and circulated to all Members, Ernst & Young and Directors.
- 2) that the results of the survey be presented at the November Audit Committee.

24. FORWARD PROGRAMME

The Committee considered the forward programme for the remainder of the municipal year.

During the discussion of this item, the following points were made:

- The Committee agreed to invite Carol Cammiss, Director of Children's Services to the November committee meeting for the Corporate Risk Register item.
- The results of the effectiveness of the Audit Committee survey would be brought to the November meeting.
- The Head of Finance asked that the Statement of Accounts be prioritised at the November meeting.
- Councillor Shepherd-Dubey asked that an audit be carried out on equalities in the future.

RESOLVED: That the forward programme be noted.

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