

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Tuesday, 28 January 2020 at 14:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors David Dixon, Chris Kane, Tom Kirkham and Ruth Jaffray (Co-opted Member).

Officers:- Theresa Fletcher (Head of Finance and Resources & Section 151 Officer), Jenny Williams (Internal Audit Consortium Manager), Lee Hickin (Joint Director – Corporate Resources and Head of Paid Service) and Tom Scott (Governance Officer).

Also in attendance at the meeting was Councillor Clive Moesby (Portfolio Holder for Finance and Resources) and Mike Norman (MAZARS).

580 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillor Jim Clifton.

581 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

582 DECLARATIONS OF INTEREST

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

There were no declarations made at the meeting.

583 MINUTES - 26TH NOVEMBER 2019

Moved by Councillor Chris Kane and seconded by Councillor David Dixon.

RESOLVED that the Minutes of an Audit Committee held on 26th November 2019 be approved as a true and correct record.

584 AUDIT STRATEGY MEMORANDUM 2020/21

Committee considered a report in relation to the Audit Strategy Memorandum 2020/21 prepared by MAZARS, the Council's External Auditors.

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The document summarised the audit approach from MAZARS, highlighted significant audit risks and areas of key judgements, and provided details of their audit team.

Mike Norman from MAZARS presented the report and explained that the scope of the audit was largely unchanged from the previous year. He stated that an interim visit to the Council would be carried out in two weeks, and reminded Members that the Committee would be presented with the Audit Completion report in July 2020 and the Annual Audit Letter in September 2020.

The Chair asked if the report required formal noting by the Committee. The Section 151 Officer advised this would not be necessary.

585 DRAFT ACTION PLAN FROM THE COMMITTEE'S SELF-ASSESSMENT

The Chair explained that he had attended a CIPFA Audit Training course on 23rd January 2020 and told the Committee that he was informed of a number of points that would be relevant to this draft Action Plan. He suggested that he could bring together the information into a report and present it to Audit Committee at an extraordinary meeting (specially convened for that reason) before the next scheduled meeting on 28th April 2020. He added that because the points in his course report could change how Members see the draft Action Plan, the Action Plan should not be given final approval by Audit Committee until the Chair's report could be presented.

The Portfolio Holder for Finance and Resources spoke and felt it would be beneficial for Audit Committee to scrutinise the Plan with the Chair's training report in mind.

The Members of the Committee unanimously agreed that this would be a positive way of considering the draft Action Plan. The Chair advised that the Governance department would be contacted to schedule an extraordinary Audit Committee before the next scheduled meeting on 28th April 2020, and the extraordinary meeting would allow Members the chance to consider the Chair's training report before giving the Action Plan final approval on 28th April 2020.

The Chair explained that bearing this in mind, the Committee would be required to approve the report's recommendations but amend the recommendation about approving the self-assessment Action Plan to reflect the Committee's agreement to consider the Chair's CIPFA training report before giving it final approval.

It was moved by Councillor Chris Kane and seconded by Councillor David Dixon to approve the recommendations in the report as amended by the Chair.

RESOLVED that:

- (1) Members wait to review and approve the self-assessment Action Plan until the Chair has presented a report to Audit Committee from his CIPFA Audit Training course on 23rd January 2020;
- (2) Progress against the action plan be reported back to the Committee at its meeting in May 2020;
- (3) Members review the Audit Committee members' – Knowledge and Skills

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Framework at Appendix 2 and report back to a future meeting any perceived skills shortages of the Committee as a whole;

(4) A further self-assessment be undertaken at the end of the calendar year.

(Chair/Head of Internal Audit/Section 151 Officer/Governance Officer)

586 SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN

The Internal Audit Consortium Manager presented a report for Members' information on progress made by the Audit Consortium in respect of the 2019/20 Internal Audit Plan. The report included a summary of Internal Audit Reports issued since the last meeting of the Audit Committee.

It was moved by Councillor Tom Munro and seconded by Councillor Chris Kane that the report be noted.

RESOLVED that the report from the Internal Audit Consortium Manager on the Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2019/20 be noted.

587 CIPFA FRAUD AND CORRUPTION TRACKER SURVEY 2019

The Internal Audit Consortium Manager presented a report for Members' information on the results of CIPFA's Fraud and Corruption Tracker (CFaCT) survey undertaken in 2019 that provided a picture of fraudulent activity in local government. The report also detailed the controls and procedures the Council had in place to mitigate the risk of fraud.

The Internal Audit Consortium Manager advised that an estimated £253 million of fraud had been detected or prevented across local authorities in 2018/19, which highlighted the importance of preventing it. She explained the measures in place at the Council:

- There is an established approach of a zero tolerance policy towards fraud which is set out in the Council's Anti – Fraud and Bribery and Corruption Policy (including Money Laundering Policy) that was last approved by Audit Committee in October 2015.
- There is an allowance for special investigations in the internal audit plan.
- The Internal audit plan covers the whole of the organisation.
- The National Fraud Initiative is participated in and the results are subject to an internal audit report.
- Council Tax has a rolling program of discount exemption checks.
- Revenues are part of a Derbyshire Fraud Consortium which was set up to reduce / identify fraud and error for Council Tax and Benefits.
- Data matching processes with the DWP and HMRC.
- The Council has a Confidential Reporting Code (Whistleblowing Policy).
- The Council has a fraud risk register.
- Recruitment procedures ensure that checks are undertaken to prevent the council employing people working under false identities etc.
- The ICT systems are Public Sector Network (PSN) compliant.
- Separation of duties in place.

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Members referred to the zero tolerance policy last being approved by Audit Committee in October 2015, and asked when this would be reviewed and approved again. The Internal Audit Consortium Manager informed Members that the policy was being updated right now and would be presented to Audit Committee in the near future.

Members asked if the nature of fraud had changed in recent years. The Internal Audit Consortium Manager explained that the main fundamental aspects of fraud like Council Tax or procurement had remained the same.

The Section 151 Officer advised that there would be Fraud Awareness Training for Members on 4th March 2020.

It was moved by Councillor Tom Munro and seconded by Councillor Chris Kane that the report be noted.

RESOLVED that the report from the Internal Audit Consortium Manager on CIPFA Fraud and Corruption Tracker Survey 2019 be noted.

588 ACCOUNTING POLICIES 2019/20

The Section 151 Officer presented a report to Members on Accounting Policies – 2019/20. The report recommended approval of the accounting policies at Appendix 1. These were for the current financial year and related to the preparation of the Statement of Accounts for 2019/20.

It was moved by Councillor Chris Kane and seconded by Councillor David Dixon that the recommendation be approved. Members voted unanimously to approve the recommendation.

RESOLVED that the Audit Committee approved the accounting policies detailed at Appendix 1 to the report.

(Section 151 Officer)

589 WORK PROGRAMME

The Section 151 Officer presented a report for Members' information on the Audit Committee Work Programme for the municipal year 2019/20.

The Chair reminded Members of the earlier agreement to schedule in an extraordinary Audit Committee before the next scheduled meeting on 28th April 2020, with the extraordinary meeting being used to consider the Chair's CIPFA Audit Training report before then approving the self-assessment Action Plan on 28th April 2020. The Chair asked officers to add this to the work programme.

It was moved by Councillor David Dixon and seconded by Councillor Chris Kane that the Work Programme 2019/20 be noted.

RESOLVED that the Work Programme 2019/20 be noted.

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(Section 151 Officer/Governance Officer)

590 STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS

The Strategic Director – People presented a report to update Members on the current position regarding Risk Management arrangements and the Strategic Risk Register as at January 2020. The report recommended that Members note the report and Strategic Risk Register as at January 2020 (Appendix 1), and that the Audit Committee recommends to Executive the adoption of the new ‘Risk Management Strategy’ and approach to risk management.

The Strategic Director informed Members that the proposed new format for the Risk Management Strategy would make the document easier to understand. The intro in the document would state that risk appetite should not be too rigid in certain areas, because risk can sometimes offer opportunities. The risk matrix within the Strategy would reflect this by being broader than it was before.

The Chair asked if the Strategy included mention of procurement. The Strategic Director advised that procurement was included within the accompanying Action Plan.

The Strategic Director referred to the Risk Management Group detailed in Page 18 of the Strategy, which would be led by Members and include senior officers such as the Council’s SRO, SIRO, S151 Officer, and representatives from Internal Audit and Health and Safety. The Chair asked if the Group would include representation from Audit Committee, and the Strategic Director advised that it would operate aside from Audit Committee but he would regularly report the work of the Group to Audit Committee. Members agreed this would be a beneficial way of Audit Committee being involved, because it would allow Audit Committee to properly scrutinise and oversee the work of the Group.

The Strategic Director referred to the Risk Framework on Page 21 which mentioned risk management training for Members, and he added that this could mean Audit Committee is given specific training.

The Strategic Director outlined the Action Plan on Page 22 which set out a step-by-step guide:

- Establish Risk Management Group: representation, draft Terms of Reference, schedule of meetings
- Create Risk Management Strategy performance management and administrative framework including new risk registers (operational, strategic, governance, partnerships and projects)
- Create a Risk Management report template which is designed to capture the work of the Risk Management Group and current identified risks and control measures
- Establish a roll-out, promotion and communication programme for the new Risk Management Strategy
- Create a Risk Management Strategy organisational training package/mechanism for elected Members and staff including roles and responsibilities

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- Schedule a comprehensive and fundamental review of all risk related policies, plans and strategies
- Establish an Information Risk Management Framework
- Initiate an annual Risk Management Audit

The Strategic Director referred to the example Risk Register Template in Appendix 2 and stated that there was now a 'Threats/Opportunities' header in the table, so efforts would have to be made not to confuse an opportunity with the reason for doing something in the first place (which would be covered by the business case).

Councillor Tom Kirkham referred to the Leader of the Council's new Corporate Vision and asked if the proposed Framework in the Risk Management Strategy would synchronise with the Vision. The Strategic Director explained that with the old Corporate Plan format, the aims of the Plan were delivered through Service Plans, which meant managers were bound to deliver precisely what the Service Plans said in order to deliver the Corporate Plan. With the new Corporate Vision, there will be more flexibility with Strategic Risk, meaning that Strategic Risk will not have to strictly follow the same kinds of aims or directives.

It was moved by Councillor Tom Munro and seconded by Councillor Chris Kane that the recommendations to note the report/Strategic Risk Register and recommend the proposed Risk Management Strategy to the Executive be approved. Members voted unanimously to approve the recommendations.

RESOLVED that:

- (1) Audit Committee notes the report and Strategic Risk Register as at January 2020 as set out in Appendix 1;
- (2) Audit Committee recommends to the Executive the adoption of the new 'Risk Management Strategy' and approach to risk management.

(Strategic Director – People/Section 151 Officer/Governance Officer)

The meeting concluded at 15:00 hours.