

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Thursday, 6 February 2020

PRESENT: Ian Orrell, (Independent Chair) Councillor Oldham (Deputy Chair);
Councillors Marriott, Stone, T Eales and Golby

APOLOGIES: Councillor M Markham and Councillor Bottwood

2. MINUTES

The Minutes of the meeting held on 23 September 2019 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. INTERNAL AUDIT UPDATE

Greg Rubins, BDO, presented the progress report and highlighted the salient points. He emphasised that good progress had been made with 6 of 8 audits completed. One audit would be carried forward to 2020/2021 that was in respect of unitary status. The Committee's attention was drawn to the Audit Plan the Executive Summary.

The Committee made comment, asked questions and heard:

- In response to a query whether delivery is being impacted by staff turnover and reliance on interim staff, the Chief Finance Officer advised that there were currently six Interims engaged at the Organisation and a number of Agency staff, a number of which are grant funded and are located in Housing. The Corporate Management Board receives summaries of exit interviews and turnover of staff is not considered to be excessive.
- In response to a question around the audit of the Corporate Plan, Greg Rubins advised that a new Corporate Plan had been adopted recently and this would be audited.
- Northampton Borough Council compares well to other organisations in respect of potential cyberattacks, it has good procedures in place; however, there is no guarantee as the area of hackers is fast moving. There are recommendations in place to test systems.
- The Chief Finance Officer confirmed that all payments are up to date in respect of the LGSS contract; in addition, BDO is satisfied with the Veolia contract. Progress is checked against the scope of the contract and that there are processes and systems in place for it to run correctly.
- The Committee heard that 48% of staff had completed GDPR training and this was classed as low risk as training was in place. Key staff has received the training.

The Chair confirmed that there would be further audits in due course and he thanked Greg Rubins, BDO, for the progress update.

RESOLVED:

- 1 That the BDO reports are noted.
- 2 That the verbal update provided by the Internal Auditor on progress is noted.

7. EXTERNAL AUDIT UPDATE

Carol Ryan, EY, submitted a report, which provided an update on the progress of the external audit. The salient points were highlighted and the Committee's attention was drawn to the overview of the risks.

The Committee asked questions, made comment and heard:

- In response to a query regarding the loan to the Football Club, Carol Ryan confirmed that EY has been liaising with KPMG for some time and has been kept up to date on the matter. Steps have, and will be taken, to ensure there is no duplication of work.
- The Section 151 Officer for the Unitary Authority would be appointed prior to the inception of the Unitary Authority and would resolve such issues as the loan to the football club, if they remained ongoing.
- Carol Ryan confirmed that EY has received data in a usable format from Officers.
- Audits are being scheduled for 2019/2020.
- In answer to a comment that the Sovereign Councils will be wound up by 31 March 2020, the Chief Finance Officer confirmed that all Chief Finance Officers had met with EY and EY was aware of all the work streams. It is possible that an initial closedown of accounts would take place in period 11 2020-21, with reduced closedown crossing the financial years. EY would focus on the core audits. The assumption is that EY would be the Unitary Auditors.

RESOLVED:

- 1 That the Audit Plan as presented by the Council's external auditors, EY, is reviewed and noted.
- 2 That the verbal update on progress, provided by the external auditor, is noted.

8. GOVERNANCE UPDATE

The Senior Internal Controls Officer presented the quarterly Governance Report update to the Committee.

The Committee made comment, asked questions and heard:

- It was confirmed that there had been no fines to date for any breaches of GDPR. The Committee was advised that benchmarking could be undertaken against other Local Authorities.
- In answer to a question regarding aggressive behaviour and physical assault of staff, the Senior Internal Controls Officer advised that policies and procedures are in place; the Working Group meets regularly and there is the option to stop potentially violent people accessing the building.
- In response to a query about the recruitment of Agency staff, the Committee heard that there is grant funding for Agency staff in Housing. A register is kept regarding Interims and Agency staff that details funding and costings. Some Agency staff cover vacant posts.

- The Committee suggested that there was a need for it to have sight of more information about Interim and Agency Staff, including the length of contract. The Chair confirmed that further details would be included when this report was next received by the Committee. The Committee asked that at its next meeting, more details about Agency workers would be provided, such as the situation when they had been engaged for two years or more.
- The Chair added that the Risk Register would be presented to the Committee on a quarterly basis.

RESOLVED:

- 1 That the additional information as detailed above is requested for future quarterly Governance reports.
- 2 That the Governance report, with appendices, is presented to the Committee on a quarterly basis.

9. BUDGET MONITORING AP08 2019-2020

The Chief Finance Officer presented the Budget Monitoring AP08 2019-2020 to the Committee, confirming that this report had been requested by the Chair. The Chair added that he felt that the Committee should have regular insight into how the Council was performing, financially.

RESOLVED:

- 1 That the Committee noted the report that had been presented to Cabinet at its meeting on 22 January 2020.

10. BUDGET 2020-21 RISK REVIEW

The Chief Finance Officer presented the report and highlighted that the Overview and Scrutiny Committee had considered certain parts of the draft budget and had concentrated on risks; in particular homelessness and the fact that the budget had increased from £0.5 million to £1 million. Recruitment had taken longer than was anticipated.

The Committee was advised of the budget approval process.

The Committee made comment, asked questions and heard:

- The Vulcan works was subsidised by Euro grants
- Housing is the main risk, for example, can enough new homes be acquired, through buy backs and key worker construction etc. There was the assumption that the new homes bonus would continue but it will finish earlier than had been expected.

RESOLVED:

- 1 That the Audit Committee considered the issues in relation to risk within the budget proposals for 2020/2021 and provided comment as detailed above.

11. RISK BASED REVIEW

The Chief Finance Officer presented the Risk Based Review and highlighted the salient points.

In response to a query regarding the accuracy of the risk framework, it was confirmed that

this has been used for around two years now, it is a national process.

RESOLVED:

- 1 That the Risk Based Verification Policy, as at Appendix A to the report, is approved.

12. TREASURY MANAGEMENT STRATEGY

The Audit Committee considered the Treasury Management Strategy 2020-2021.

The Chief Finance Officer highlighted that there was one policy changed proposed within the report, which was to increase the investment limit for Pooled Property Funds (EG CCLA) from £10 million to £15 million.

The Chair advised that specific training on the Treasury Management Strategy would be arranged shortly and the Committee agreed that this training should be open to all Councillors.

RESOLVED:

- 1 That the proposed Treasury Management Strategy for 2020-2021 is noted.
- 2 That it is recommended to Council, at its meeting of 24 February 2020, that the Treasury Management Strategy is adopted, as part of the wider Budget and Council Tax setting agenda.

13. TREASURE MANAGEMENT PERFORMANCE

The Chief Finance Officer presented the report and explained the rationale for the end of year report 2019/2020 and the mid-year report for 2018/2019. The Committee was advised that monthly updates are provided to the Finance Team.

In answer to a question about loans, the Chief Finance Officer advised that £20 million had been paid back by the University of Northampton. Payments are made on time. It was also confirmed that payments in respect of the Northampton Town Rugby Football Club are also made on time. The Chief Finance Officer confirmed that the Authority's priority is security but liquidity is always considered.

RESOLVED:

- 1 That the Treasury Management Performance Reports are noted.

14. AUDIT COMMITTEE TERMS OF REFERENCE

The Committee considered Constitution Terms of Reference for the Audit Committee. The Chair commented that they are sufficiently broad Terms of Reference and cross referenced them with the reported analysis of Audit Committee agenda items.

RESOLVED:

- 1 That the brief on the Terms of Reference in relation to the role of the Audit Committee and previous Audit Committee agenda items is noted.
- 2 That the Committee continues to work within the current Terms of Reference until Vesting Day 2021.

The meeting concluded at 7:40 pm