

BOROUGH OF REIGATE AND BANSTEAD

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held remotely on 26 November 2020 at 7.00 pm.

Present: Councillors J. S. Bray (Chair), H. Brown, G. Buttironi, K. Foreman (Vice-Chair), J. P. King, S. A. Kulka, C. M. Neame and S. J. G. Rickman.

16. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence.

17. MINUTES

The minutes from the meeting held on 9 September 2020 were approved.

18. DECLARATION OF INTEREST

There were no declarations of interest.

19. STATEMENT OF ACCOUNTS 2019-20 - AUDIT PROGRESS UPDATE

The Interim Head of Finance explained that the original intention was for the external audit lead to attend this meeting to present their (ISA260) report with the outcome of the audit. At the time of preparing the report, the audit work had not yet concluded therefore the audited Statement of Accounts and the external auditor's report were not available for approval.

It was stated that Deloitte still had transaction testing work to undertake and quality checking prior to reporting. They indicated that work was now expected to be completed in the new year. This was not inconsistent with other Local Authorities who were in a similar position. Capacity issues at the auditing firms remained a challenge.

Ordinarily the deadline to publish draft accounts fell on 31 May with completion of the audit by 30 November, however all dates had been pushed back this year due to the COVID-19 pandemic. The Council met its revised deadline to publish its accounts on 5 October and the audit started on that day as planned.

Members were assured that there would not be any sanctions due to the late publication of the audit report. It was also unlikely that the late publication of the 2019/20 audited accounts would have a knock-on effect on closedown for 2020/21, but the overlap would add some new pressures on the Finance team.

Once the audited accounts were available, a special meeting of the Committee would be convened along with a pre-meeting briefing on the accounts for Committee Members.

RESOLVED that the current position regarding completion of the audit of the Statement of Accounts for 2019/20 be noted.

20. UPDATE OF THE CODE OF CORPORATE GOVERNANCE

The Deputy Democratic Services Manager explained that each local authority was required to develop and maintain an up to date Code of Corporate Governance. The Code of Corporate Governance sets out the principles of good governance and the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards. It provides assurance that the Council meets best practice in protecting its assets and serving the community. The updated Code had been reviewed by the Governance Task Group and was recommended for adoption by the Committee. Once adopted, the Code would apply to all members and officers in the discharge of their duties.

It was noted that the updated Code of Corporate Governance had been drafted in accordance with the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

RESOLVED that the adoption of the updated Code of Corporate Governance be approved.

21. RISK MANAGEMENT - QUARTER 2 2020/21

Councillor Lewinski introduced the item stating that the report provided an update on risk management in Quarter 2 of 2020/21 and the Annex showed the Council's risks and their ratings.

One new strategic risk was identified in quarter 2 and this related to the proposed reform of the planning system, currently in White Paper stage. The full risk description was shown in Annex 3 of the report.

The Committee was pleased that financial sustainability had been updated to show the progress made. Organisational capacity and culture originally required more work, however the potential risk of becoming a unitary authority had currently been taken off the table.

The Committee considered information relating to the red rated operational risk within the exempt part of the meeting.

RESOLVED that:

- (i) The Audit Committee notes the Quarter 2 update on risk management provided by the report and associated annexes (including within the exempt part of the meeting); and
- (ii) the Audit Committee notes the newly identified strategic risk detailed in the report and in annex 3.

22. INTERNAL AUDIT 2020/21 - QUARTER 2 PROGRESS REPORT

Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (SIAP), gave an overview of Appendix 1, explaining that this was the second progress report for the year.

There were some overdue actions but SIAP continued to work with Officers on these. It was noted that Ethical Governance was now showing as 1 management action as opposed to 4 set out within the report. All those actions showing as overdue now had a revised target date and this was due to competing demands on Officers as the Council responded to the COVID-19 Pandemic. These actions would continue to show as overdue and would continue to be monitored.

The quarter 2 audits were coming to a close and all quarter 3 audits have been scoped in all areas apart from one (cyber security review). It was anticipated that Quarter 4 audits would be scoped prior to Christmas and officers continued to work positively with SIAP despite current circumstances.

It was noted that the treasury management audit had been removed until 2021/22 in order to account for the new review from Government regarding the Local Government Compensation Scheme and this was explained to Members.

Two reports had been finished and this was a credit to Officers. Staff and the Internal Auditors were thanked.

Neil Pittman, Head of SIAP, explained that during September 2020, the Institute of Internal Auditors (IIA) undertook an External Quality Assessment (EQA) of the Southern Internal Audit Partnership which considered their conformance with the International Professional Practices Framework (IPPF), Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN).

The EQA stated that SIAP conformed to all standards and requirements of the audit. The value added was detailed on page 75 of the EQA report and this provided a credible benchmark against other providers. SIAP's outcome was that they were *Excellent* in three areas and *Good* in two. The aspiration was to become *Excellent* in all areas and an action plan had been formulated. This was taken forward to the Stakeholder Board, of which Pat Main, Interim Head of Finance, was a member.

The EQA document was important to present as it gave the Council and its Members independent assurance.

SIAP were congratulated on their report.

RESOVLED that:

- (i) That the Committee notes the Internal Audit Progress report attached at annex 1;
- (ii) the Committee notes the Southern Internal Audit Partnership's External Quality Assessment (EQA) report available at annex 2.

23. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

24. EXEMPT BUSINESS

RESOLVED that members of the Press and public be excluded from the meeting for part of agenda item 6 (Risk Management – Quarter 2 2020/21) under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Act; and
- ii. information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The Meeting closed at 7.45 pm