

BOROUGH OF REIGATE AND BANSTEAD

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held at the Remote - Virtual Meeting on 16 July 2020 at 7.00 pm.

Present: Councillors J. S. Bray, H. Brown, K. Foreman, S. A. Kulka, C. M. Neame and S. J. G. Rickman.

Also present: Councillors V. H. Lewanski and T. Schofield.

1. ELECTION OF CHAIR

RESOLVED that Councillor Jill Bray be appointed as Chair for the municipal year 2020/21.

2. ELECTION OF VICE-CHAIR

RESOLVED that Councillor Keith Foreman be appointed as Vice-Chair for the municipal year 2020/21.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Allcard.

4. DECLARATIONS OF INTEREST

There were none.

5. APPROVAL OF 2020/21 INTERNAL AUDIT PLAN AND CHARTER

Natalie Jerams, representing internal auditors Southern Internal Audit Partnership, introduced the 2020/21 Internal Audit Plan and Charter. The plan was due for consideration at the Overview and Scrutiny Committee meeting in March. However, due to the Covid-19 pandemic, the plan had been revised. The auditors had worked with the Corporate Governance Group to consider the implications of Covid-19 and any emerging risks and to incorporate those within the plan.

Members discussed which areas of financial resilience would be reviewed. The internal auditors explained that the review would explore the assumptions that had been made in the Medium-Term Financial Plan and what implications Covid-19 might have had. The financial review had been scheduled for Quarter 3 when it would be appropriate to provide assurance. Pat Main, Interim Head of Finance, confirmed that a financial report would be provided in Quarter 3 when there was a clearer picture.

The auditors confirmed that they were working closely with senior management and had regular liaison with officers to ensure that ongoing risks were audited, and that they remained reactive to changes. The plan would continue to be flexible and members would receive updated progress reports quarterly.

Members discussed the mobile working review which was scheduled for 2021 and whether this should be brought forward, as many Council staff were already working

from home. The auditors explained that an Information Security review was scheduled first which would include looking into the vulnerability of home working arrangements and any potential risks.

Members discussed the Core Financial review / Treasury Management review expected in Quarter 3. The audit would look at application of the treasury management strategy and ensure that any investments made by the Council were within the risk tolerances that had been set by the Council. Any new or emerging risks would be noted, and any significant borrowing checked against the appropriate regulations and guidance, including on Minimum Revenue Provision.

It was noted that Environmental Health and Licensing risks would be looked at in Quarter 3. The auditors would include any current major service changes in the reviews, not just historic ones. For example, in the Refuse, Recycling & Street Cleansing review, the auditors would consider the recent fleet management contract.

Progress reports would be brought to the September Audit Committee meeting. Some Quarter 2 audits would still be taking place in September and would be reported on in Quarter 3. Doula Pont, Head of Projects and Performance, advised the Committee that the plan could be subject to change, for example, if there were another change in Covid-19 circumstances.

The Chair of the Audit Committee thanked the internal auditors for their report.

RESOLVED

1. That the Audit Committee approve the internal audit plan for 2020/21-2022/23 as set out in annex 1; and,
2. That the Audit Committee approve the internal audit Charter for 2020/21 as set out in annex 2.

6. STRATEGIC RISKS FOR 2020/21

Councillor Lewanski, Executive Member for Corporate Direction and Governance, introduced the Strategic Risks for 2020-21 and invited the Committee to make any comments or observations to the Executive.

Strategic Risks

The Head of Projects and Performance explained that this report (Quarter 1) sets out the strategic risks for the year.

The strategic risks in the Quarter 1 report had been updated to reflect the change in the risk environment that the COVID-19 pandemic had brought. Although those had been approved by the Executive, it was still possible for the Audit Committee to comment as necessary.

An update on the strategic risks would be reported to the Audit Committee quarterly, before being considered by the Executive. The report would also include any newly identified strategic risks. The Committee would be able to ask for more

detail at prior to the next meeting of the Committee, either from key officers or through advance questions.

Operational Risks

The Committee would also receive an update on any *red rated* operational risks each quarter. Officers confirmed that there were no operational red risks this quarter.

The Financial Sustainability risk was discussed and Councillor Schofield, Portfolio Holder for Finance, was invited to comment. Councillor Schofield explained that the risk of lost revenue from Council Tax and Business Rates had been assessed and recovery was expected by the end of the financial year. Councillor Schofield was liaising with the interim Head of Finance and mitigating action would be taken as required.

Members queried whether Covid-19 had affected the Commercial Ventures programme and if that needed to be reflected in the risk descriptions. Caroline Waterworth, Commercial and Investment Director, clarified that although there had been some minor delays to progress, Covid-19 had not had a major impact and action would be taken to mitigate any time losses.

Members queried whether Horley Business Park should be included in the risk register for Gatwick Airport and the Head of Projects and Performance confirmed that this would be reviewed accordingly.

RESOLVED

1. That the Audit Committee note the strategic risks for 2020/21 as detailed in annex 1 of the report.
2. That the Committee note the risk management reporting arrangements for 2020/21.

7. ANNUAL GOVERNANCE STATEMENT - DRAFT

The Annual Governance Statement was presented by Pat Main, Interim Head of Finance. The purpose of the draft document was to set out the arrangements that were in place, report on the effectiveness of those arrangements, and to give assurance that any governance issues had been addressed.

The Statement would be reviewed by Overview and Scrutiny Committee in September 2020. The final Statement would then be presented to the Audit Committee with the audited Statement of Accounts in November 2020.

RESOLVED That the draft Annual Governance Statement for 2019/20 be approved for subsequent review by the Overview and Scrutiny Committee.

8. ANY OTHER URGENT BUSINESS

There was none.

The Meeting closed at 7.48 pm