

## Minutes

of the Meeting of

## The Audit Committee

**Monday, 20 September 2021**

New Council Chamber - Town Hall

Meeting Commenced: 10.30 am

Meeting Concluded: 11.37 am

### Councillors:

John Cato (Chair)

Patrick Keating  
Marcia Pepperall  
Richard Tucker

**Apologies:** Councillors: Sandra Hearne.

**Also in attendance:** Jon Roberts, External Auditor, Grant Thornton.

**Officers in attendance:** Amy Webb (Director of Corporate Services), Nicholas Brain (Assistant Director Legal & Governance and Monitoring Officer), Melanie Watts (Head of Finance), Steve Ballard (Principal Accountant (Closure and Systems)), Emma Diakou (Head of Business Insight, Policy and Partnerships), Peter Cann (Head of Audit and Assurance) and Hazel Brinton (Democratic Services Officer).

### **AUD Appointment of Vice Chairman for Municipal Year 2021-22**

7

**Resolved:** that Councillor Sandra Hearne be elected as Vice Chairman of the Audit Committee for the municipal year 2021-22.

### **AUD Declaration of Disclosable Pecuniary Interest (Standing Order 37)**

8

None.

### **AUD Minutes 23 April 2021**

9

**Resolved:** that the minutes of the meeting be approved as a correct record.

### **AUD Constitution Review**

10

The Assistant Director Legal and Governance and Monitoring Officer presented his report on the review of the Constitution. In presenting his report, he noted four recommendations around the amended terms of reference for the Audit Committee; changes to the size of the Planning and Regulatory Committee and public participation arrangements; changes requested by officers to parts of the

Financial Regulations and Contract Standing Orders within the Constitution and the process for a further review of the Constitution.

Members asked questions on the anticipated size and number of the proposed working groups to be set up to consider the review of the Constitution and the process around the use of open framework agreements.

**Resolved:**

1. That Audit Committee note the update of the Constitution to reflect the amended terms of reference for the Audit Committee approved previously by the Committee and Council as shown in tracked changes in the Appendix to the report;
2. That Audit Committee agree the suggested changes to the Constitution to reflect the decision of Council in July 2021 regarding the size of Planning & Regulatory Committee and public participation arrangements for that committee when considering planning applications;
3. That Audit Committee note the requested changes from officers to parts of Financial Regulations and Contract Standing Orders within the Constitution and consider those requests as part of the working group review suggested in paragraph 3.4 of the report with a view to any recommended changes being brought back to Audit Committee for approval in time for recommendation to Council at the next Annual Meeting.

**AUD 11 Risk Register Update**

The Head of Business Insight, Policy and Partnerships presented her report on the council's Business Planning Framework and Risk Register. She outlined the process followed in constructing the council's Strategic Risk Register using the five Annual Directorate Statements and specific operational risks and noted the use of a risk scoring matrix and the regular reviews of the register by the Corporate Leadership Team. She undertook to bring the Strategic Risk Register to the next Audit Committee meeting for review.

The Head of Business Insight, Policy and Partnerships highlighted areas covered by the Risk Register which included finance and resources; governance; transformation; the impact of Covid19, Adult and Children's social services and partnership working amongst others. She explained the elements that made up the risk register which included mitigating actions proposed by officers to reduce the inherent risk of a particular area.

In discussing the report, members noted that that they had received briefings on the risk register previously and that members' questions on the process of constructing the register had resulted in the production of a consistent and standardised framework. A question was asked on the inclusion of residents' views to which the officer responded that residents had been consulted on the Corporate Plan and their views had been incorporated via the "golden thread" that ran from the Corporate Plan down to the individual team plans via the directorate statements and service plans. In response to a further question, she added that

the risk registers were published on the council's website.

**Resolved:** that the Audit Committee note the content of the report and the accompanying document in appendix 1 outlining the development of the 2021/22 risk registers.

## **AUD 12** Internal Audit Update

The representative from Audit West presented his update report on the delivery of the 2021/22 Annual Audit Assurance Plan. He noted that no internal audit reports had so far been issued where it was considered that the systems of internal control were weak or poor.

In presenting his report, the representative drew members' attention to two investigations relating to suspected fraudulent Covid19 grant payments. Both had been referred to the National Investigation Service and the National Anti-Fraud Network and Audit West was working with Liberata to pursue recovery of the funds. The representative noted that the frauds were very sophisticated and were not as a result of the breakdown of controls. A further investigation related to the use of the council's email system the circumstances of which were being considered by the council's ICT department. The representative informed members that the new fraud/whistleblowing tool was now live on the council's website and receiving referrals and that a warning of a phishing attack had been received and notified to staff via the ICT department's warning system.

The representative from Audit West further commented on the progress of the Audit Plan and explained that whilst there were 43 items on the plan, those not yet started would be reviewed in the same way as last year to ensure that the items to be started were still of relevance. Any changes would be reported back and agreed with members of the committee.

The representative drew members' attention to Section 3 of his report on the implementation of recommendations and the risk profile of those recommendations as requested by committee members. He noted that of the 39 recommendations made during previous audits, confirmation of implementation was now only awaited on three of them.

Members asked questions which were answered by the representative on the following areas: the level and amount of the frauds in relation to the government Covid19 grants and in the event of recovery, to whom the funds would be payable, the council or central government; what progress other councils who had been subjected to the same fraud had made in the recovery of funds; which two areas of recommendation implementation were outstanding and a general question on Table 1 items relating to insight into a change of trends or direction and which if any were of particular concern.

**Resolved:** to note the progress in delivery of the 2021/22 Annual Audit Assurance Plan.

**AUD 13 Informing the Risk Assessment**

The council's Head of Finance confirmed that the "Letter from Those Charged with Governance" to the council's external auditors would be considered alongside the Statement of Accounts and Audit Findings Report under the following agenda item.

**AUD 14 Statement of Accounts 2020-21**

The council's Head of Finance confirmed that changes had been made to the Introduction to the Annual Governance Statement as a result of feedback and recommendations from the Audit Committee members.

The representative of the Corporate Services Director noted that the draft accounts had been published on the council's website and considered by the Audit Committee at a workshop on 29 July 2021. He added that the revised accounts were attached to the meeting papers and the amendments to date had been minimal. He noted there were no amendments which impacted the core statements or outturn for the year and that the audit was substantially complete save for a few items as set out in the Audit Findings Report. Reference was made to the workshop provided to support members in their role of considering and approving the Annual Statement of Accounts and the Annual Governance Statement. The officer highlighted areas of the workshop that supported members in their role notably a review of the core statements, explanations of significant variances and trends over previous years, the going concern concept and basis for preparing the accounts, critical judgements in applying the Council's accounting policies and significant accounting estimates and sources of estimation uncertainty. He added that members had provided feedback and challenge on the content of the accounts at the workshop.

In presenting his report, the representative of the Director of Corporate Services highlighted the appendices attached to his report namely the revised Statement of Accounts 2020/21; the letter of representation to the external auditors to be signed by the Chief Financial Officer and the Chairman of the Audit Committee; the sources of assurance available to members of the Audit Committee in reviewing and approving the Statement of Accounts and the letter referenced under item 9 on the agenda, the "Informing the Risk Assessment Letter" from those charged with governance to the external auditors.

The representative of the Director of Corporate Services noted that electronic signatures would be used by the Chairman and the Chief Financial Officer once the financial statements had been agreed.

Members asked questions on the following matters: the valuation bands of council tax and when they were dated from; the process and layout of the accounts and whether amendments to the process and layout would be for this year or next.

The Chairman expressed his thanks for the improvements in clarity to the documents that had been made by officers.

Jon Roberts of Grant Thornton thanked the council's officers for their work

involved in arranging for the audit to be signed off by the published timetable. He noted that whilst there were improvements to be made in presentation and disclosure to aid readers of the statements and that this was to be expected, there were no unadjusted misstatements that needed to be brought to members' attention.

He summarised the main findings of the external auditors report and made particular reference to the formulaic nature of the Audit Findings Report which helped the external auditors demonstrate their compliance with their reporting responsibility to the Audit Committee and in turn helped committee members deliver their responsibility as "Those Charged with Governance" to consider and confirm the Annual Accounts and Annual Governance Statement.

He pointed out the list of outstanding items as per his report but noted that this list was subject to change between the draft report and the presentation of the report to members. Some tests were still outstanding notably the pension assurance from the Avon Pension Fund and further payroll testing around full-time equivalent numbers as it was proving difficult to obtain without considerable manual intervention.

The representative from Grant Thornton drew members' attention to the new issues and risks section of his report and noted in particular risks surrounding Covid 19 grants which had been well handled by the council and ICT risks for which there was an action plan with officers. Reference was also made to two improvement recommendations concerning related party disclosures as three disclosures had not been received by the time of the audit and the transfer of a school to academy status which had not been recognised in the accounts in the 2017/18 year when it took place. He further commented on two prior year recommendations. One related to journals for which the recommendation still needed to be implemented and the other to the retention of supporting documentation which was in the process of implementation.

Members asked questions and received answers on the following areas of the Accounting Statements and Annual Governance Statement; journal management and the comparison with other authorities; the outstanding area of valuation of the Sovereign Centre; the academy transfer in 2017/18 and the operating expenditure error identified in the report.

Members highlighted areas of the Annual Governance Statement which they wished to be considered for the future including a reference to the committee's contribution to the change of governance of major capital projects and the purpose of the Annual Governance Statement. It was confirmed that the Annual Governance Statement would not reference all changes that had occurred during the year; only those of significance would be reported and that not all risks would be referred to otherwise the Statement would become unmanageably long. It was noted that other authorities operated on a similar basis.

**Resolved:**

1. That the Audit Committee:
  - a. considered the matter(s) raised in the Annual Governance Statement;
  - b. took note of any adjustments to the financial statements set out in the

external auditor's report;  
c. approved the draft letter of representation; and

2. That subject to any comments under 1 above, the Audit Committee:
  - a. approves the Statement of Accounts for 2020/21, subject to, any amendments necessary upon quantification of the impact of any issues arising from on-going work by the external auditors.
  - b. arranges for the Chair of the Council's Audit Committee and the Chief Financial Officer to electronically sign the Accounts for 2020/21 as representing a 'true and fair view' of the financial position as at 31 March 2021, following any amendments necessary upon quantification of the impact of any issues arising from on-going work by the external auditors; and
  - c. arranges for the Leader of the Council and the Chief Executive Officer to formally approve the Council's Annual Governance Statement as part of the financial accounts and sign accordingly with electronic signatures.

The Director of Corporate Services thanked all those involved in the production of the annual accounts and to the external auditors for expediting the audit so that they may be signed off by the statutory deadline.

The Chairman added his thanks to the team for all the work involved in preparing the accounts and to the Audit Committee members for their commitment in engaging with the audit and governance process.

---

Chairman

---