

Minutes of the meeting of the AUDIT COMMITTEE held on 27 JANUARY 2021 at 7.00 pm

Present: Councillor P Cannon (Chair)
Councillors R Bradburn, Gilbert (Vice-Chair), Lancaster, Legg, Minns, Montague, Petchey (Vice Chair), Rankine and Wales and Independent Members Mr W Bush and Mr I Farookhi.

Officers: T Aldworth (Deputy Chief Executive), S Richardson (Director Finance and Resources, s151 Officer), D Wilkinson (Chief Internal Auditor), J Fru (Deputy Chief Internal Auditor), and D Imbimbo (Committee Manager)

Also Present: Ms N Clark (Ernst and Young)

AC16 CHAIRS WELCOME AND INTRODUCTION

The Chair welcomed Members and Officers to the meeting, he stated that the meeting was being held remotely and would be broadcast live on YouTube and explained the procedures to be adopted.

AC17 DISCLOSURE OF INTERESTS

None were disclosed

AC18 MINUTES

Councillor Gilbert asked that it be noted that in the minutes of 12 November 2020, in respect of Minute AC06, referring to Minute AC23 (29 January 2020), Councillor R Bradburn had suggested that both he and Councillor Bint had made comments that could be perceived as politically biased in respect of the independent nature of the report to be prepared by Mr M Dorfman in respect of 1 Yeomans Drive, Milton Keynes, and that he had today received documents obtained under a Freedom of Information request dating from 2019 which indicated that there had been interaction between Mr Dorfman and Officers of the Council which he believed warranted further investigation.

In response to a question relating to the report to be prepared by Mr Dorfman, the Chair told the Committee that following the meeting on 1 December 2020 Mr Dorfman had continued to progress work on completing the final report. A number of further questions and issues were raised at the December Audit Committee and since then a further 40-50 comments and questions have been raised with him.

He was working his way through those questions and they will be incorporated into his final report.

The Committee heard that on 21 January Mr Dorfman had issued an update to stakeholders about the latest situation and the progress that he was making. He explained that the complimentary independent review of the daylight, sunlight, Shadow and External Lighting had been commissioned and that this would be presented with his final report.

The Chair told the Committee that the final report was expected by mid-March and it was therefore proposed that a special meeting of the Committee should be organised for late March. It would be sensible to schedule this before any purdah period comes into effect and he would propose that the 22 March was scheduled as special Audit Committee meeting, this was agreed.

In addition the Chief Executive had been asked to commission a review of the Interim Report and it was expected that would also be considered when the Committee meets to discuss the final report.

Councillor Gilbert expressed disappointment at the further delay in the preparation of the Final Report and stated that he would not be surprised to see further delay, he reiterated his view that Mr Dorfman should no longer be engaged to complete the work, and instead a new report be commissioned by an external independent Auditor.

Councillor R Bradburn reminded the Committee that the submission of a motion under procedure rule 15.1 to full Council to rescind the decision taken on 1 December had delayed any report being finalised.

RESOLVED –

That the minutes of the meetings of the Audit Committee held on 20 May 2020, 12 November 2020 and 1 December 2020 be agreed and signed by the Chair as correct records.

AC19

DECISION TRACKER

The Chief Internal Auditor told the Committee that there was nothing further to report on the detail within the Decision Tracker.

RESOLVED –

That the Decision Tracker be noted,

AC20

ANNUAL REVIEW OF FRAUD POLICIES

The Committee considered a report in respect of the Councils Fraud Policies relating to Anti-Fraud, Whistleblowing and Anti-Money Laundering.

The Chief Internal Auditor told the Committee that the policies had been largely unchanged for a number of years and remain current,

however in keeping with best practice the Committee is asked to review and agree them.

Councillor R Bradburn, referring to Annex B of the Whistleblowing Policy which gave details of staff surveys, asked whether any further, anonymised, information was available, The Chief Internal Auditor told the Committee that responses to the surveys were poor mainly because of the sensitivity and complexity of the issue. It was commented that a new survey was about to be conducted however, taking account of the number of staff working from home due to the COVID situation, it was anticipated that the return would again be poor. The Chief Internal Auditor undertook to report the outcome to a future meeting of the Committee.

In response to a question the Chief Internal Auditor also confirmed that in the past two years two cases of Potential Money-Laundering had been identified and, in both cases, as required by the Policy, the matters had been referred to the National Crime Agency. It was confirmed that in neither case was the Council required to take any further preventative action.

The Committee also heard that in respect of Interests in Contracts, the Council had policies requiring Councillors, Officers and Contractors to disclose any interests, although this was not a mandatory requirement in Law it was from the perspective of Council Policy and a failure to make such a disclosure could end in Legal process.

RESOLVED –

That the report be noted.

AC21

ANNUAL AUDIT PLAN – 2020 – 21 UPDATE AND DRAFT 2021 – 22 PLAN

The Chief Internal Auditor gave the Committee an overview of the progress of the current 2020 – 2021 Audit Plan and Draft 2021 – 22 Audit Plan.

The Committee heard that the reports had been prepared in December 2020, since that time a further National Lockdown had been introduced in response to the pandemic and this had had an impact on the plan, this had resulted in some of the key system audits that would ordinarily be undertaken in January having been postponed to allow for resources to be diverted to address the significant increase in auditing of benefits that had resulted from the various government support schemes that the Council had been required to manage. The Chief Internal Auditor stated that it was

essential that Audit work did not interfere with essential services and therefore a sensitive and supportive approach had been adopted.

It was noted that one consideration had been how to conduct follow up enquiries in respect of recommendations as this could prove time consuming both for the Audit team and the audited body.

The Chief Internal Auditor also told the Committee that he sought to give reassurance that prior to the lockdown the Council could demonstrate that controls and measures across services were being complied with. The work that the audit team had conducted in respect of transaction work and pro-active work during the Pandemic had not shown anything to undermine that assurance and the systems continue to be stable and operate in a satisfactory way.

The Committee also heard that the Chief Internal Auditor, his deputy and the s151 Officer had recognised that the restrictions would restrict the usual work schedule going into the new Council year, taking account of the fact that even once operations across the Council can return to some normality there would be a significant period required for them to recover from the restricted working practices that have been applied, therefore the 2021 – 22 Plan was being significantly revised to adopt alternative audit processes that would provide sufficient audit assurance without negatively impacting on services. It was noted that in particular work to audit the Revenues and Benefits Service was recognised as vital but needed to be balanced against the considerable strain that had been placed on the service throughout the pandemic.

The Chief Internal Auditor invited the Committee to make him aware of any areas of work that members of the Council recognised or believed should be considered in addition to those identified within the Plan.

Members of the Committee stated that having reviewed the report and noting the amount of money that had potentially been saved from Fraudulent Claims against new grant schemes introduced by the Government, it was clear that the Audit Team had responded flexibly and professionally to the new pressures and risks that the Council had faced during the Pandemic and asked that thanks be forwarded to the team for its work. The Chief Internal Auditor told the Committee that the Revenues and benefits Team had been under immense pressures, however their diligence and attention to detail was in no small part responsible for identifying such cases.

In response to a question in respect of savings identified relating to improper residency in the Council housing stock the Chief Internal Auditor undertook to circulate to the Committee a National report

setting out how these figures were calculated and the benefits of identifying such misuse.

Councillor Gilbert, recognising that the frequency of Committee meetings had been reduced in response to the COVID restrictions, asked that periodic updates be provided to members of the Committee by email.

The Committee also heard that the Audit Team continued to work on the entire programme of Audits but had changed approach to use a 'light touch' approach in many areas rather than the full end to end Audit that would usually be undertaken retaining a focus on providing the degree of assurance that the Council would require.

The Committee noted the high risk status given to the requirement to defend against a cyber attack on Council systems, The Chief Internal Auditor explained that the enormous culture shift to working from home had presented a significant challenge to the Council in terms of security of data. It was agreed that the Head of IT & Print be invited to a future meeting of the Committee to give an overview of the work undertaken to ensure the security of Information Technology.

RESOLVED –

1. That the report be noted.
2. That the Committee extended its thanks to the Audit Team and those who supported it for their continued flexibility to adapt to work through the Pandemic
3. That the Head of IT be invited to give a presentation in respect of the risks to the Council of a Cyber attack and the measures in place to address that.

AC22

AUDIT COMMITTEE TERMS OF REFERENCE

The Committee considered a report in respect of the Audit Committee Terms of Reference.

The Chief Internal Auditor told the Committee that the Terms of Reference remained unchanged from the version printed in the agenda, and had been drawn up on best practice guidance. They were presented to the Committee on a regular basis, however it had recently been identified that the version that had been included within the agenda for the last few years had not been formally adopted by Council and were therefore not replicated within the Councils Constitution and it was therefore necessary to once again agree them and refer them to Council for formal adoption. It was noted that the version within the Constitution was similar and captured the majority of the points listed in the presented version.

Members of the Committee agreed that the table at the end of the version presented with the Committee report should be removed.

RESOLVED –

1. That the report be noted.
2. That the Terms of Reference be Agreed.
3. That the Terms of Reference be agreed and recommended to Council to adopt.

THE CHAIR CLOSED THE MEETING AT 8:29 PM