

## **AUDIT ADVISORY BOARD**

Minutes of a Meeting of the Audit Advisory Board held virtually via Teams, on Thursday 10 March 2022 at 10:00am

**Present:** Cllr Mike Lewis (Chair), Cllr Mike Caswell (Vice Chair), Cllr Hugh Davies, Cllr Bob Filmer, Cllr Graham Noel, Cllr Liz Leyshon and Cllr Mike Rigby.

**Other Members present:** Cllr Mandy Chilcott and Cllr T Munt.

**Officers present:** (JV) Director of Finance and Governance, (AS) Service Manager for Investments, (BB) Strategic Manager for Finance Systems and Governance, (LF) Assistant Director of SWAP, (BM) Key Audit Partner-Grant Thornton, (AR) Committee Clerk (JH) Committee Administrator, (NB) Unite Branch Secretary.

### **Apologies for absence – Agenda Item 1**

There were no reported apologies for absence

### **Declarations of Interest - Agenda Item 2**

The Chair of the Committee noted the details of all Councillors' interests already declared in District, Town and Parish Councils and the Pension Fund.

There were no new declarations.

### **Minutes from the previous meeting - Agenda Item 3**

The Audit Committee agreed that the minutes of the meeting held on 27 January 2022 were accurate.

### **Public Question Time - Agenda Item 4**

The Chair was notified that there had been no requests to speak at this meeting, but took the opportunity to thank all public speakers and questioners for their interest and input to our meetings throughout the quadrennium.

### **External Audit Progress Report - Agenda Item 5**

The Chair invited the Director of Audit for Grant Thornton to present the report.

An Update was provided in relation to the Financial Statements Audit in which an unqualified opinion was provided on the Financial Statements on 30<sup>th</sup>

November 2021. The Value for Money exercise as part of the new Audit code of practice in place from April 2020 had been completed and has been included as an agenda item.

**The Chair invited questions from the Advisory Board, and during consideration of the reports, issues/concerns were raised, questions were asked/answered, and further information was provided:**

- No comments and questions were raised.

The Chair thanked the External Audit Director for his report.

**That the Audit Advisory Board consider and comment on the report, which has been done.**

### **External Audit Annual Report- Agenda Item 6**

The Chair invited the Director of Audit for Grant Thornton to present the External Audit Annual Report

The paper provided the Advisory Board with the External Audit Annual Report providing the Executive Summary, Commentary on the Councils arrangements to secure economy, efficiency and effectiveness in its use of resources. The responsibilities of the Council and Improvement recommendations were set out for comment in Appendix A. Appendix B detailed the risks of significant weaknesses, procedures and findings.

**The Chair invited questions from the Advisory Board, and during consideration of the reports, issues/concerns were raised, questions were asked/answered, and further information was provided:**

- The report was praised by the Advisory Board for its format and content.
- It was questioned if there was an expectation that internal audit will look at these recommendations and how this would link to the detailed work of the council.
- Following up recommendations as part of 21/22 review of value for money work, it was confirmed colleagues from SWAP will be incorporating these findings in their work.
- The relationship between external and internal would work much closer in the future. There wouldn't be any duplication of work external audit would be undertaking.
- Referencing Pages 31 and 33, concerns were expressed that there was no mention of Wiltshire or Cornwall as a comparison, and it was questioned why this had been missed. This had been benchmarked as other county

councils and not Unitary Councils. Going forward this would be done on a Unitary basis following the formation of the New Council. Using comparisons to Unitary and County Councils would be taken on board following the meeting.

- It was requested if there was any way of detailing the trajectory of different councils and presenting this as part of future reports.
- Concerns were expressed in relation to rising costs as a result of recent world events and how this would impact services.
- On behalf of the Advisory Board, the Chair thanked the Audit Director and Service Manager for their reports and ongoing work.

### **The Audit Advisory Board noted the report.**

### **Internal Audit Update Report - Agenda Item 7**

The Chair invited the Chief Executive of The South West Audit Partnership to present the Internal Audit Update Report.

The March progress update for 2021/22 reported against the plan agreed by this Committee in March 2021. The schedule provided at Appendix D detailed progress made to date and new work agreed.

The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed at Appendix A of this document. The Committee can take assurance that improvement actions have been agreed with management to address each finding reported.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in the 'limited Assurance Opinion' can be found at Appendix B. There were two to report over the period as well as two reasonable opinion audits. In total there have been six Reasonable and eight Limited Assurance audits finalised over the year so far. A significant proportion of Limited Assurance Opinions is expected as the audit plan is focused towards those areas of highest risk to the Council. The completion of agreed actions have been scheduled during 2022/23 and follow-up audits will then be carried out.

A follow-up review is performed in respect of all Limited assurance opinion audits. The results of follow-up reviews performed in the period can be found in Appendix C. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. In respect of the risk management follow-up review that was performed although work was in

progress, all actions had yet to be implemented in full. We will continue to monitor progress and risk management will be an area of focus as part of our LGR audit work in 2022/23.

As well as assurance provided by follow-up audits, this year the managers responsible for agreed actions relating to limited assurance audits have provided progress updates to internal audit. The results can be seen on page 4 of this report. The total number of overdue actions has reduced over the period and taking the year as a whole, there has been a reduction of 53% of overdue actions reported.

**The Chair invited questions from the Advisory Board, and during consideration of the reports, issues/concerns were raised, questions were asked/answered, and further information was provided:**

- Children Services and transport pressures on school places were requested to be considered as part of future risk auditing work.
- The South West Audit Partnership met quarterly with SLT to consider high risk areas and take into account the risk profile ensuring adequate coverage of high risk areas.
- It was clarified that the existing review was looking at financial arrangements for school's transport.

**The Audit Advisory Board noted the report**

### **Internal Audit Plan and Charter - Agenda Item 8**

The Chair invited the Internal Audit Manager who presented the Internal Audit Plan and Charter to the Advisory Board.

Internal audit provided an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness. SWAP, in conjunction with senior management, agree a proposed audit approach to deliver an internal audit plan.

The objective of the planning process and subsequent programme of work agreed provided a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes. The outcomes of each of the audits in our planned programme of work will provide senior management and members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed. It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three

lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

As part of the report the approach to Internal Audit was set out alongside Risk Assessment and Internal Audit Coverage in 2022/23. Appendix A and B set out Audit Planning and the Appendix C set out the Internal Audit Charter.

**The Chair invited questions from the Advisory Board, and during consideration of the reports, issues/concerns were raised, questions were asked/answered, and further information was provided:**

- Consideration of blue light services as part of civil contingencies was requested.
- It was questioned if South West Audit Partnership would be looking at this post vesting day. There would be a new charter in place post vesting day in April 2023.
- The advisory board thanked Lisa Fryer and gave their appreciation for all the work that she has undertaken in support of the Advisory Board.

**The Audit Advisory Board requested that the Section 151 Officer accepts the Internal Audit Plan for 2022-23 and the updated Audit Charter**

**Committee Future Work Programme** - Agenda Item 9

The Strategic Manager for Finance Systems (Ben Bryant) introduced the Work Programme.

Proposed Looking at 23<sup>rd</sup> or 30<sup>th</sup> June for the first meeting but hold the date of 16<sup>th</sup> June for training for members of the committee.

Debtor Management Reporting was part of quarterly Budget monitoring but a 1 year summary was proposed for the meeting in June which would be an annual update. This is considered in the year when Audit present the Annual report to Full Council, this would be considered in respect of its timing on the forward Plan for future years.

**The Audit Advisory Board:**

**Noted the work programme that listed future agenda items and reports.**

**Any Other Urgent Items of Business** - Agenda Item 10

The Chair thanked the committee, officers and Governance Specialist for all their support

The Vice-Chair thanked the Chair for all his hard work in conducting the Committee

After ascertaining that there were no other items of business, the Chair noted that the next Audit Advisory Board meeting will be held on 16 June 2022, following the May election.

**(The meeting ended at 10:55am)**

**CHAIR**