

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Audit & Governance Committee      **Date:** Monday, 25 January 2021

**Place:** Virtual Meeting on Zoom      **Time:** 7.05 - 7.45 pm

**Members Present:** I Hadley (Chairman), A Jarvis (Vice-Chairman), S Heap and B Vaz

**Other Councillors:** J Philip

**Apologies:** R Jennings and P Keska

**Officers Present:** S Marsh (Chief Internal Auditor), M Crowe (Corporate Fraud Team Manager), G Woodhall (Team Manager - Democratic & Electoral Services), A Small (Strategic Director Corporate and 151 Officer), L Kirman (Democratic Services Officer), N Cole (Corporate Communications Officer) and C Wisdom (External Auditor)

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### **52. Webcasting Introduction**

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

### **53. Declarations of Interest**

There were no declarations of interest made pursuant to the Council's Members' Code of Conduct.

### **54. Minutes**

#### **RESOLVED:**

That the minutes of the meeting held on 9 December 2020 be taken as read and signed by the Chairman as a correct record.

### **55. Matters Arising**

There were no matters arising from the minutes of the previous meeting which warranted further discussion.

### **56. Audit & Governance Committee - Work Programme**

The Committee noted its Work Programme for 2020/21.

### **57. Internal Audit Monitoring Report**

The Chief Internal Auditor, S Marsh, presented the Internal Audit Monitoring Report. The Committee was advised that two audit reports had been issued. The Fixed Assets audit had received moderate assurance; a fixed asset register and controls were in place, however, there was a lack of process and procedures for end of year

reconciliation. The Interim Chief Finance Officer had addressed the structure of the accountancy function and relevant processes would be introduced. The Customer Services audit had received substantial assurance. Good progress had been made around the transformation of the service, there had been a reduction from 50 to 30 complaints over the period for quarter 1 of 2020/21 and increased resolution at the first point of contact. There had been a variety of awareness raising initiatives and positive work.

The number of recommendations in the recommendation tracker remained low. Two recommendations related to Health and Safety and the Strategic Safety Group was ensuring good progress was being made. Mandatory training had been rolled out to all officers and risk assessment work was continuing. The third recommendation was linked to the Harlow Gilston Garden Town sharing agreement which would be completed by the legal team.

Internal Audit continued to be involved in the administration of grants and conducted spotlight checks to ensure companies were legitimate and still trading. This was supported by the Corporate Fraud team, who conduct investigations were suspected fraud had arisen.

There following polices had been reviewed:

- (i) The Local Code of Governance was reviewed and amended to cover COVID, remote working and robust processes for emergency decisions. The code would support the Annual Governance Statement.
- (ii) The Anti-Fraud and Corruption Strategy was reviewed and the appendices had been incorporated for ease of access. The three pillars of activity for this strategy 'acknowledge', 'prevent' and 'pursue' had been extended to include 'govern' and 'protect', in line with the UK Fraud and Corruption Strategy. Officers had been made aware of the fraud response plan and the Anti-Money Laundering Policy had limited the level of cash transactions.
- (iii) The Whistleblowing Policy had been updated with key contact details and revised timescales for reporting back on concerns raised. Recently the policy had been used anonymously and the resulting investigation showed nothing was untoward.

The Internal Audit Charter detailed the role and remit of internal audit and was in line with the requirement of the Public Sector Internal Audit Standards.

- (iv) The skills and knowledge analysis had shown a good spread of these across the Committee and this would support the development of future training.

Cllr Heap sought confirmation that fixed asset reconciliation would happen, requested clarity on the checks made in relation to COVID businesses grants and questioned if there was oversight of delegated decision making. The Chief Internal Auditor detailed that assurance had been given in relation to the reconciliation, this was on the tracker and would be monitored.

The Corporate Fraud Manager confirmed that checks carried out on businesses included: verification at Companies House; social media presence; and a review of the paperwork that was submitted with the application.

Mr Jarvis sought advice on why the Anti-Fraud and Corruption Policy changes were minimal when there had been considerable change in the way the Council had operated. S Marsh explained that this was an overarching strategy and covered all the Council's activities and staff, each process of operation was not specified. She confirmed that Quails were not covered by the strategy and this would be made explicit in the documentation.

Cllr Hadley asked if there were any occasion when the publicity related to fraud would not be maximised. The Corporate Fraud Team Manager, M Crowe, detailed that no organisation was impervious to fraud and they could become stronger when this was discovered and fixed. Fraud prosecutions had always been published and provided reassurance to Members, officers and residents that the council dealt with fraud.

**Resolved:**

That the Committee:

- (i) approved the revised Local Code of Governance;
- (ii) approved the revised Anti-Fraud and Corruption Strategy;
- (iii) approved the revised Whistleblowing Policy;
- (iv) approved the revised Internal Audit Charter; and
- (v) noted the outcomes of the member skills and knowledge analysis.

**58. Risk Management**

The Section 151 Officer, A. Small, highlighted that there had been minimal change to the risk rating in the risk management report. The risk status had been updated and there had been no new significant risks. The previously identified risks continued to be managed.

Mr Jarvis suggested that there was a significant risk around the closure of the accounts and detailed his concerns that this could impact on budgetary and internal controls. The Section 151 Officer provided assurance that the underlying process had improved and there had been changes in the accountancy team. The accounts were published in line with the statutory deadline, although there were some outstanding issues with the audit. There would be a forward planning meeting and an accounts closing time frame would be put in place to meet the deadlines.

Mr Jarvis requested an update on the Treasury Management report. A Small explained that this not been a standard year and the Council's response to COVID and the prioritisation of the budget setting process meant the treasury management report had been delayed. Cllr Philips affirmed that he had asked the finance department to prioritise the budget setting process but acknowledged that the closure of the account was important.

Cllr Heap suggested that the closure of accounts would get more complex with Quails. A Small agreed that consolidation of the Quails accounts would be a new issue, however there would be a robust accounts closing process and staff were skilled and experienced in consolidation. In most years there were changes to the financial codes of practice that impacted on the processes and he was to confident that the accounts would be closed in time.

**Resolved:**

- (1) The changes to the risk register were noted and endorsed.

**59. Statement of Accounts 2019/20 Audit**

The Section 151 Officer, A. Small, advised that a final set of audited accounts for 2019/20 had not been produced. The accounts were published and met the statutory timetable, but due to COVID, the external auditors, Deloitte, could not meet the timetable. The audit queries that the Council had to work through had been deprioritised due, in part, to the budget process work. There was one query that needed to be resolved. C Wisdom, External Auditor, confirmed the position and A Small advised that the report would be at the next Committee meeting.

**Resolved:**

- (1) That the update on the statement of accounts 2019/20 was noted.

**60. Any Other Business**

No other business was raised for consideration by the Committee.

**61. Exclusion of Public and Press**

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting

**CHAIRMAN**