



## **Committee and Date**

Audit Committee

24 June 2021

## **MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4 MARCH 2021**

**1.30 - 3.24 PM**

**Responsible Officer:** Michelle Dulson

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### **Present**

Councillors Peter Adams (Chairman), Ioan Jones, Chris Mellings, Brian Williams (Vice Chairman) and Michael Wood

### **154 Apologies for Absence / Notification of Substitutes**

154.1 There were no apologies for absence received.

### **155 Disclosable Pecuniary Interests**

155.1 Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

### **156 Minutes of the previous meetings held on the 10 December 2020 and 11 February 2021**

#### **156.1 RESOLVED:**

That the Minutes of the meetings of the Audit Committee held on the 10 December 2020 and 11 February 2021 be approved as a true record and signed by the Chairman.

### **157 Public Questions**

157.1 There were no questions from members of the public.

### **158 Members Questions**

158.1 There were no questions from Members.

### **159 First line assurance: Pensions Payroll interfacing update**

159.1 Members received the report of the of the Head of Workforce and Organisation Development which provided them with an update in relation to the Payroll and Pensions interface, as requested by Audit Committee at the meeting on 17th September 2020.

159.2 The Head of Workforce and Organisational Development explained that pensions information was extracted from the Enterprise Resource Planning Programme (ERP) into the Pensions system on a monthly basis and there was ongoing work to ensure this is done accurately whilst a full electronic solution was sought. She assured Members that all pensions deductions were accurate, and this work related to the data being transferred from the payroll system to the pensions system.

159.3 **RESOLVED:**

That the Audit Committee note the progress that had been achieved to reduce errors and ensure the correct information is transferred from the payroll system to pensions records via I-Connect

160 **Second line assurance: Strategic Risks update**

160.1 Members received the report of the Risk and Insurance Manager which set out the current strategic risk exposure following the December 2020 quarterly review.

160.2 The Risk and Insurance Manager advised Members that the annual strategic risk workshop had been held in December and the outcomes were set out in this report. She informed members that there were 17 Strategic Risks and that 1 new risk definition – Cyber and ICT infrastructure reliance had been identified. The Risk and Insurance Manager advised Members that the new ways of working and other measures introduced as a result of the Covid Pandemic had led to the redefinition of some risks and the creation of new risk profiles.

160.3 In response to a question regarding how a risk profile was developed, the Risk and Insurance Manager advised that there was a standard template followed for creation of a new risk profile which looked at risks and other controls in place across the Council and at levels of assurance around the risk both internally and externally.

160.4 In response to a question the Risk and Insurance Manager informed members that Data Protection was covered under a number of the strategic risks.

160.5 In response to a question around the Capital Strategy, the Interim Director of Resources advised that the Capital Strategy was a form of risk control mechanism; financial risk would be managed through the treasury strategy and prudential indicators, and that risk around skills and capacity of staff to deliver the programme was covered within the strategy which enabled the Council to assess what resources would be needed to deliver the programme. A number of Member training sessions had been held and following the election the member induction programme would include development of the necessary skills required.

160.6 **RESOLVED:**

That Members accept the position as set out in the report

161 **Governance Assurance: Draft Audit Committee annual work plan and future training requirements**

161.1 Members received the report of the Head of Audit which provided a proposed Audit Committee work plan and a development plan for Members to ensure that they are well informed and appropriately skilled to fulfil their role.

161.2 A Member commented that the membership of the Committee would be different after the election and that there may be different requirements which would need to be added to the programme. The Head of Audit commented that the work plan and learning and development plan could be amended throughout the year.

**161.3 RESOLVED:**

That the Committee approve:

- A) The provisional Audit Committee work plan for 2021/22 as at appendix A of the report and;
- B) The learning and development plan for members of the committee taking in to account information in appendices A and B of the report

**162 Third line assurance: Report of the Audit Review of Risk Management**

162.1 Members received the report of the Principal Auditor which summarised the findings identified in the Internal Audit review of Risk Management.

162.2 The Principal Auditor advised Members that the audit rating continued to be assessed as good. She informed the meeting that the process had changed this year in that the review had been carried out on a self-assessment basis.

**162.3 RESOLVED:**

That the Audit Committee endorse the findings from the review of Risk Management by Internal Audit.

**163 Third line assurance: Internal Audit performance report and revised Annual Audit Plan 2020/21**

163.1 Members received the report of the Head of Audit which provided them with an update of work undertaken by Internal Audit in the two months since the previous Audit Committee.

163.2 The Head of Audit advised Members that 79% of revised plan delivered to date and that the team were on target to deliver 90% of plan by the year end. She informed the meeting that there were significant revisions in the planned activity to reflect adjustments in both risks and a reduction in available resources given the continuing impact of the Covid pandemic.

163.3 In response to a question the Head of Audit confirmed that with regard to the identified fundamental recommendation the agreed implementation date was reasonable.

**163.4 RESOLVED:**

That the Committee endorse:

- a) The performance to date against the 2020/21 Audit Plan.
- b) The adjustments required to the 2020/21 plan to take account of changing priorities set out in appendix B to the report, and the ongoing response by the Council and the Auditors as set out in the report, to the pandemic risks.

#### **164 Third Line Assurance: Draft Annual Internal Audit risk based plan 2021/22**

- 164.1 Members received the report of the Head of Audit which provided Members with the proposed risk based Internal Audit Plan for 2021/22
- 164.2 The Head of Audit advised members that the proposed Audit Plan covered all requirements normally covered but that there could be a need to amend the plan when the ongoing effects of the pandemic were assessed and that a proposed list of audit areas that would be removed to allow resources for Covid response activities.
- 164.3 In response to a question the Head of Audit stated that with regards to counter fraud several options were being considered around how best to approach this activity going forward and that data was currently being gathered to guide the decision and that it was envisaged that this would take 12 months.
- 164.4 In response to a question the Head of Audit confirmed that the Council had a “roadmap” which set out how staff would return to their normal positions post Covid.
- 164.5 **RESOLVED:**

That the Committee endorse the approach taken to create the proposed Internal Audit Plan for 2021/22 and approve its adoption.

That delegated power be given to the Head of Audit, in liaison with the S151 Officer to adopt the version of the plan, on the 1<sup>st</sup> April, most appropriate to where the Council is in responding to the Covid Pandemic.

#### **165 Third line assurance: External Audit, Audit progress report and sector update**

- 165.1 Members received the report of the External Auditor which provided them with a report on progress in delivering the external audit.
- 165.2 The Engagement Lead confirmed that the 2019/20 had been completed in December 2020, and that the Housing Benefit certification had recently been completed ahead of the 31 January 2021 deadline. He then took Members through initial plans for the 2020/21 audit.
- 165.3 **RESOLVED:**

That the report of the External Auditor be noted.

#### **166 Third line assurance: External Audit, Annual Audit Letter 2019/20**

- 166.1 Members received the Annual Audit Letter which set out the key findings arising from the Audit work carried out by the External Auditor for Shropshire Council for the year ended 31 March 2020.
- 166.2 The Engagement Lead confirmed that the External Auditors had given an unqualified opinion on the accounts and an unqualified value for money assessment. He thanked Council officers for all their help with the audit.
- 166.3 In response to a question regarding the additional fee charged for responding to a Member question, the Engagement Lead commented that this reflected the amount of work involved in answering the question.

**166.4 RESOLVED:**

That the Committee note the report of the External Auditor.

**167 Date and Time of Next Meeting**

- 167.1 Members were advised that next meeting of the Audit Committee would be held on the 24 June 2021 at 1.30 pm.

**168 Exclusion of Press and Public**

**168.1 RESOLVED:**

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

**169 Exempt minutes of the previous meeting held on 10 December 2021**

**169.1 RESOLVED:**

That the Exempt Minutes of the meeting of the Audit Committee held on the 10 December 2020 be approved as a true record and signed by the Chairman

**170 Internal Audit: Fraud, Special Investigation and RIPA Update (Exempted by Categories 2, 3 and 7)**

- 170.1 The Committee received the exempt report of the Principal Auditor which provided a brief update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment, together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.

**170.2 RESOLVED:**

That the contents of the report be noted.

Signed ..... (Chairman)

Date: .....