

SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of Audit Committee

Date: Monday, 13th December, 2021

Place: Council Chamber - Civic Suite

Present: Councillor M Dent (Chair)
Councillors I Shead (Vice-Chair), H Boyd, T Cox*, K Evans, N Folkard,
S George, P Wexham and K Pandya (Co-opted Member)

*Substitute in accordance with Council Procedure Rule 31.

In Attendance: P Thomas (Deloitte LLP), A Barnes, S Dutton, C Fozzard, S Tautz and
C Thomas

Start/End Time: 6.30 pm - 8.15 pm

360 Apologies for Absence

Apologies for absence were received from Councillor A Dear (Substitute: Councillor T Cox) and Councillor S Habermel (no substitute).

361 Declarations of Interest

The following interests were declared at the meeting:

- (a) Councillor M Dent - Agenda Item 5 (External Audit Status Update: Latest Position and Timescale for Completion of 2020/21 Audit) - Appointed as the Council's representative on the Board of the Essex Pension Fund - Non-pecuniary interest.
- (b) Councillor P Wexham – All agenda items - Member of the Board of Directors of South Essex Homes - Non-pecuniary interests.
- (c) Councillor I Shead - Agenda Item 5 (External Audit Status Update: Latest Position and Timescale for Completion of 2020/21 Audit) - Member of the Essex Pension Fund - Non-pecuniary interest.
- (d) Councillor K Evans - Agenda Item 5 (External Audit Status Update: Latest Position and Timescale for Completion of 2020/21 Audit) - Member of the Essex Pension Fund - Non-pecuniary interest.

362 Minutes of the Meeting held on Wednesday, 22nd September 2021

Resolved:

That the minutes of the meeting of the Committee held on 22 September 2021 be received, confirmed as a correct record and signed.

363 Internal Audit Service Head of Internal Audit Annual Report 2020/21

The Committee received a report of the Executive Director (Finance and Resources) that set out the rationale for and an audit opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's risk management, control and governance processes for

the 2020/21 financial year, together with a statement on conformance with the UK Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme for 2020/21.

The Head of Internal Audit responded to a number of questions raised by members of the Committee and reported that the design and operation of the Council's risk management, control and governance framework for 2020/21 was considered to be satisfactory overall, and that there were no additional issues that should be included in the Annual Governance Statement for the year.

On consideration of the report, the Committee conveyed its thanks and appreciation to the Head of Internal Audit and his staff for their work to complete the plan of audit work for 2020/21.

Resolved:

- (1) That the annual report of the Head of Internal Audit for 2020/21 be noted.
- (2) That the opinion of the Head of Internal Audit be relied upon as a key source of evidence to support the Council's Annual Governance Statement for 2020/21.

364 Deloitte External Audit Status Update: Latest Position and Timescales to Completion for 2020/21 Audit

The Committee received an update from the Council's external auditors on the audit of the Statement of Accounts for 2020/21, including work on arrangements to secure value for money.

Members were advised that the audit of the Statement of Accounts was in progress, but that the external auditors were not currently in a position to report more substantively on the outcome of the audit work at the current time, as a result of factors impacting the completion of audit work nationally.

In noting the position on the Statements of Accounts, the Committee was advised that the Council's external auditors continued to receive the full cooperation and assistance of the Executive Director (Finance and Resources) and his staff in connection with the audit process.

Resolved:

That the current position with regard to the audit of the Council's Statement of Accounts for 2020/21, be noted.

365 Counter Fraud & Investigation Team Annual Report 2020/21

The Committee received a report of the Executive Director (Finance and Resources) that detailed the progress made by the Counter Fraud and Investigation Team in the delivery of the Council's Counter Fraud Strategy and work programmes for 2020/21 and to date during 2021/22.

The Counter Fraud and Investigations Manager outlined the progress made in the establishment and delivery of the counter fraud service for the Council and South Essex Homes, which had so far achieved significant improvements and outcomes and provided value for money for the resource committed by the Council. The Counter Fraud and Investigations Manager responded to a number of questions raised by members of the Committee.

Resolved:

- (1) That the performance of the Counter Fraud and Investigation Team for the 2020/21 financial year and since 1 April 2021, be noted.
- (2) That, if required to ensure the continued efficient and effective delivery of the Counter Fraud Strategy, the allocation of additional resources to support the work of the Counter Fraud and Investigation Team as part of the Council's budget for 2022/23 and future years, be supported.

366 Cyber Security

The Committee received a report of the Executive Director (Transformation) that set out the Council's current position in respect of its cyber security arrangements, given its reliance on ICT to be able to function effectively, including the safeguards around remote working in response to the COVID-19 pandemic and security issues that had recently been encountered by other local authorities.

The Director of Digital and ICT reported that the Council was currently focussed on addressing and reducing cyber risk through appropriate counter and protective measures and ensuring that system architecture was secure by design, to support the current approach to cyber security. The Director of Digital and ICT responded to a number of questions raised by members of the Committee.

On consideration of the report, the Committee encouraged the Executive Director (Transformation) to ensure that the regular exercising of the Council's current business continuity arrangements was undertaken as a matter of priority.

Resolved:

That the action taken to enhance the security of the Council's ICT environment, the challenges currently being encountered and the work that is being undertaken to address these, be noted.

367 CIPFA Financial Management Code Action Plan Progress Report

The Committee received a report of the Executive Director (Finance and Resources) that detailed progress against the action plan arising from the Council's self-assessment against the expectations of the new Financial Management Code introduced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Senior Finance Lead confirmed that the action plan would help to inform the assessment undertaken by the Council's external auditors on its arrangements to secure value for money and responded to a number of questions raised by members of the Committee.

Resolved:

- (1) That progress against the Financial Management Code action plan that previously reported to the Committee on 28 April 2021, be noted.
- (2) That it be noted that the next annual self-assessment of the Council's compliance status against the Financial Management Code will be undertaken and reported to the Committee in April 2022.

368 Internal Audit Charter, Strategy and Plan 2021/22

The Committee received a report of the Executive Director (Finance and Resources) that presented the Internal Audit Charter, Strategy and Audit Plan for 2021/22.

The Head of Internal Audit responded to a number of questions raised by members of the Committee and confirmed that the reports of the ongoing investigation of issues around the delivery of transport services for Special Educational Needs and Disabilities (SEND) children and vulnerable adults would be considered by the Committee as soon as possible.

On consideration of the report, the Head of Internal Audit also undertook to request the Interim Executive Director (Transformation) and the Executive Director (Adults and Communities) to provide a written response to questions raised by members of the Committee with regard to the consideration of safeguarding measures in the enrolment of volunteers providing support to vulnerable residents, particularly in terms of the provision of information by the Disclosure and Barring Service.

Resolved:

That the Internal Audit Charter, Strategy and Audit Plan for 2021/22, be agreed.

369 Appointment of External Auditor

The Committee received a report of the Executive Director (Finance and Resources) that set out arrangements for the appointment of external auditors following the closure of the Audit Commission and the end of the current appointment arrangements at the conclusion of the audit for 2022/23.

The Committee noted the options available for the local appointment of external auditors and was advised that the Council needed to consider the options available and put in place arrangements for the appointment of new external auditors by 31 December 2022, in readiness for the commencement of the audit for 2023/24.

Resolved:

That a recommendation be made to the Council that the authority 'opt-in' to the Local Government Association sector led body 'Public Sector Audit Appointments Ltd' for the independent appointment of the Council's external auditor, beginning with the audit for the financial year 2023/24.

370 Information Item

The Committee noted the recent publication of the latest issue of the Audit Committee Update from the CIPFA Better Governance Forum, which aimed to support members of audit committees in their role.

Chair: _____