



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Tuesday, 19 March 2024, at 4.30pm.

PRESENT

Cllr David Brown (Chair)
Cllr Keith Horgan
Cllr Lucius Vellacott (Substitute for Cllr Kelli Pettit)

OFFICERS

Ian Smith – Director Finance & S151 Officer
Maggie Camp – Director Legal & Monitoring Officer
Tracy Couper – Democratic Services Manager & Deputy Monitoring Officer

IN ATTENDANCE

Rachel Ashley-Caunt – Head of Internal Audit (IA)
Anne Wareham – Senior Accountant

36. **PUBLIC QUESTION TIME**

No public questions were received.

37. **APOLOGIES AND SUBSTITUTIONS**

Apologies for absence were submitted on behalf of Councillor Kelli Pettit and Councillor Vellacott was acting as substitute.

38. **DECLARATIONS OF INTEREST**

No declarations of interests were made.

39. **MINUTES**

The Committee received the Minutes of the meeting held on 5 February 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 5 February 2024 be confirmed as a correct record and signed by the Chairman.

40. **CHAIR'S ANNOUNCEMENTS**

The Chair highlighted that, following the decision at full Council on 20 February 2024 as part of the review of the Constitution, committee-related templates needed to be amended to reflect non-gender specific language.

The Chair also reported that he had received an update from the External Auditor (EY) on the consultations relating to future arrangements for the auditing of local government bodies. The two Central Government consultations reported on at the previous meeting now had ended and the outcome of these would be reported to a future meeting of the Committee. A further consultation by the Chartered Institute of Finance and Accountancy (CIPFA) had been published, with a closing date of 28 March 2024.

External Audit still intended to report in April/May 2024 on their Value For Money work and Audit Planning for the 2023/24 Audit.

41. **ANNUAL REPORT 2023/24**

The Committee considered a report (reference Y162, previously circulated) containing the Audit Committee's Annual Report for 2023/24.

The Director, Finance reported that this was the first report of this nature and that he would welcome views from Members regarding future content.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

In response to a follow-up question by a Member, the Director, Finance gave further clarification on the remit of the Lay Member to be appointed to the Committee. The Chair added that it was anticipated that the Lay Member would be appointed at the Annual Council meeting in May 2024.

Members thanked the Chief Internal Auditor for their assistance with the Annual Report and commended the beneficial nature of recent meetings with the Internal Auditor.

A Member suggested that the most highly rated risks to the Council, as detailed in the Risk Register, could be included in future versions of the Annual Report.

The Chair stated that Committee Members would be considering a timetable for the self-assessment process for the forthcoming year.

It was resolved to RECOMMEND TO FULL COUNCIL:

That the Audit Committee Annual Report be approved.

42. **INTERNAL AUDIT CHARTER AND STRATEGY 2024/25**

The Committee considered a report (reference Y163, previously circulated) containing the Internal Audit Charter and Strategy.

The Chief Internal Auditor highlighted that the format of the Charter and Strategy had been fully reviewed in the preceding year, the content was unchanged and remained compliant with the Public Sector Internal Audit Standards (PSIAS).

A question relating to this Agenda item had been submitted prior to the meeting and this, along with the answer provided by officers, was set out in Appendix 1 to these minutes. In that connection, a follow-up question was raised by a Member regarding the qualifications and level/types of duties undertaken by the different levels of post within the Internal Audit Team and this was explained by the Chief Internal Auditor.

A Member enquired about the amendments made in the preceding year and the Chief Internal Auditor stated that the assurance levels had been amended to 'moderate' instead of 'satisfactory' and the impact/recommendation categories amended to 'High', 'Medium' and 'Low', as these were clearer and more widely understood terms. Members commended these changes and the inclusion of the Red/Amber/Green (RAG) ratings.

It was resolved:

That the Internal Audit Charter for 2024/25, as set out in Appendix 1 of the submitted report, be approved.

43. **INTERNAL AUDIT PLAN 2024/25**

The Committee considered a report (Y164, previously circulated) containing the draft Internal Audit Plan for 2024/25 which was recommended for approval by the Committee.

The Chief Internal Auditor explained the content of the Audit Plan and highlighted the Reserve List of Audits in Table 2 which could be included in the Plan in the event of additional capacity being identified, or covered through the rolling risk register reviews, or included in the audit planning process for 2025/26.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

Follow-up questions were received from Members requesting an explanation of the term 'embedded assurance' in relation to the planned crematorium audit, proposed Member training on counter-fraud and whether the 210 audit days for 2024/25 was the same, more or less than in the preceding year. The Chief Internal Auditor explained the term embedded assurance and stated that the 210 audit days for 2024/25 was the same as in 2023/24. The Chief Internal Auditor also stated that a Members' briefing session on counter-fraud could be timetabled prior to an Audit Committee meeting.

In connection with the responses given, a Member requested that Members of the Committee be briefed on any significant issues identified during the key stages of the Crematorium audit, due to the importance of the project for the Council. The Chief Internal Auditor stated that she would consider and discuss with the Director, Finance how key findings could be shared between meetings of the Committee.

Questions were asked on the delivery of the Revenues and Benefits Partnership and Business Continuity Management audits and these were responded to by the Chief Internal Auditor.

A Member asked for the continuation of the real-time risk-based reviews and the Chair stated that priority setting for the programme of rolling risk reviews for the forthcoming year would be considered at the next meeting of the Committee.

It was resolved:

1. That the Internal Audit Plan for 2024/25, as set out in Appendix 1 of the submitted report, be approved.
2. That the Director, Finance, in consultation with the Chair of the Audit Committee, be given delegated authority to approve amendments to the Audit Plan, if required.

44. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference Y165, previously circulated) advising Members of the work of Internal Audit completed for the financial year to date and the progress against the Internal Audit Plan.

The Chief Internal Auditor summarised the content of the update report and the outcome of the four audits completed since the last meeting of the Committee – Debtors (accounts receivable), Treasury Management, Budgetary Control, and Community Infrastructure Levy (CIL) Income.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

The Democratic Services Manager responded to a follow-up question by a Member on the outstanding medium priority audit action on information governance relating to a 'data protection implications' field on Council report templates.

In response to a question, the Chief Internal Auditor explained the definition of a low priority risk.

With regard to the Community Infrastructure Levy (CIL) Income audit, a Member requested an update on the formalisation of processes and documentation and the Director, Finance agreed to provide this to Members of the Committee.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings, as set out in Appendix 1 of the submitted report, be noted.

45. **FORWARD AGENDA PLAN**

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted and the following item be added to the Plan for the July meeting:

Rolling Risk Reviews – Priority Setting

The meeting closed at 5.15pm.

Chairman:.....

Date:

**AUDIT COMMITTEE
19th MARCH 2024
QUESTIONS FROM MEMBERS OF COMMITTEE**

Questions received from the Councillor David Brown

Agenda Item 6 – Audit Committee Annual Review

<p>On Page 15, reference is made to the agreement to appoint a Lay Member, can we have a progress report on where we are with this?</p>	<p>It is anticipated that the Lay Member will be appointed by Annual Council on the 23rd May 2024. The Chief Executive and Director Finance will be initiating a recruitment process in line with CIPFA guidance.</p> <p>The Chief Executive and Director Finance are currently finalising the timetable and assessment criteria.</p>
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Agenda Item 7 – Internal Audit Charter and Strategy

<p>On Page 20 reference is made to the Internal Audit Team, could we have a breakdown of who is the team and who does what?</p>	<p>The Internal Audit service is delegated to North Northamptonshire Council and is delivered by the Internal Audit team employed by North Northamptonshire Council. The audits for East Cambridgeshire District Council are primarily delivered by a team which focuses on delivery of delegated services for a number of local authorities and can be supplemented by the wider audit team as needed.</p> <p>The team primarily working with East Cambridgeshire includes the Chief Internal Auditor, an Audit Manager, Principal Auditor, Senior Auditor and two Auditors. Within this team is a mix of professional qualifications (including ACCA, CIPFA and IIA) and backgrounds. The audits are delivered by a member of the team as allocated by the Chief Internal Auditor based on experience and skillset, and any work by Auditors is supervised by a Principal Auditor or Audit Manager.</p>
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	All audit work is signed off by the Chief Internal Auditor before reports are issued.
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Agenda Item 8 – Internal Audit Plan

Could we have some idea/detail of what Counter-Fraud work involves in practice?	Support with reviewing policies; sharing of alerts / updates; promotion of policies and annual Fraud Awareness Week; daily monitoring of the Report Fraud mailbox and handling of any referrals; providing counter fraud training for officers.
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Agenda Item 9 – Internal Audit Progress Report

On Page 50 reference is made to 20% of credit notes lacking evidence. Can we have further information and assurance as to how this is/has been addressed?	The primary reason for this related to income ECDC received for invoices to Sanctuary for work invoiced by ECDC on behalf of the Trading Company (TC) as, at the time, Sanctuary did not have the TC set up on their system and as such would not accept charges for them. ECDC therefore raised a credit note to the TC, so they received the income. After a lengthy process an account has now been set up with Sanctuary to invoice the TC direct so this will not reoccur.
On Page 51 – Treasury Management, first bullet point, can we have an update on whether the discrepancies identified have been resolved?	This was a timing issue, with one document having been updated and the other one not, this has been resolved since the audit was undertaken.
On Page 53, first line, is there a definition of “significant budget variances”?	The Constitution does not define ‘significant budget variances’ but, in practice, this is applied to any in-year variance of over £10,000.
On Page 53, CIL section, 2 nd paragraph what does IFS stand for?	Infrastructure Funding Statement
On Page 53, CIL section. Given the importance of CIL funding, now and into the future can we have some assurance as to how monies are being collected	The procedure notes for the identification of CIL monies due and the collection of the income in line with trigger points have been updated and include the following key controls:

<p>correctly, both in terms of amounts and timeliness?</p>	<ul style="list-style-type: none"> • Identifying CIL monies due, from completed planning applications and flagging of these on the system • Identifying trigger points and monies due • Verifying self-build status properties after three years • Handling and approving variation requests • Reconciliation of financial information <p>In addition to this, to ensure that recovery action is being taken in a consistent and timely manner, monthly management reporting on outstanding balances has been formalised and regular meetings are taking place. This provides oversight of the monies outstanding, actions being taken and sanctions applied.</p>
<p>On Page 60 – Information Governance, can we have an update on progress with the DPIA mandatory field?</p>	<p>The Director Legal has discussed this with the Democratic Services Manager. As the Democratic Services Manager has received a number of requests for fields to be added to the report template, it is proposed that a report will be presented to CMT in May 2024 to consider.</p>

Questions received from Councillor Lucius Vellacott

Agenda Item 6 – Audit Committee Annual Review

<p>(4.9): What will the <u>remit</u> of the Independent Lay Member be?</p>	<p>The Independent Lay Member of the Committee, will be a vital member of Committee assisting in debates, but will not have any voting rights.</p>
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Agenda Item 8 – Internal Audit Plan

<p>Are risks A6 and A7 specifically reviewed regularly under ‘Risk Management’?</p>	<p>All risks on the Risk Register and reviewed quarterly by the Risk Management Group and half-yearly by the Audit Committee.</p>
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	<p>In addition, the rolling risk review process can be used to further review any risk entry, with the Audit Committee being able to determine the priority risks for coverage.</p>
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Agenda Item 9 – Internal Audit Progress Report

<p>(Table 2): Could we please have a list of the overdue 'low priority' recommendations?</p>	<p>We do not usually report on low priority actions as they are not considered to pose a risk, rather to improve existing arrangements. This is intended to support the Committee in focusing on the areas of risk.</p> <p>At the time of reporting, there were two low priority actions outstanding, however both have since been closed.</p>
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