

# Minutes

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## **Audit and Scrutiny Committee Monday, 29th July, 2019**

### **Attendance**

Cllr Nolan (Chair)	Cllr Naylor
Cllr Tanner (Vice-Chair)	Cllr Parker
Cllr Haigh	

### **Apologies**

Cllr Dr Barrett	Cllr Hirst
Cllr Chilvers	Cllr Mrs McKinlay

### **Substitute Present**

Cllr Bridge  
Cllr S Cloke  
Cllr Poppy

### **Also Present**

Cllr Hossack  
Cllr Jakobsson

### **Officers Present**

Steve Summers	-	Interim Chief Executive
Jacqueline Van Mellaerts	-	Director of Corporate Resources
Neil Harris	-	External Audit, E&Y
Greg Rubins	-	BDO, Internal Audit
Janine Combrinck	-	Internal Audit, BDO

## **142. Apologies for Absence**

Apologies were received from Cllr Hirst, Cllr Mrs McKinlay, Cllr Chilvers and Cllr Dr Barrett. Cllrs Poppy, Bridge and Nolan were substituting respectively. There was no substitute for Cllr Dr Barrett.

#### **143. Minutes of the previous meeting**

The Minutes of the Audit & Scrutiny Committee held on Tuesday 18<sup>th</sup> June 2019 were approved as a true record.

#### **144. Statement of Accounts and Annual Governance Statement 2018/19**

This report presents the Council's Statement of Accounts for 2018/19. These accounts have been signed by the Director of Corporate Resources on 31st May 2019. They have been published on our website and have been subjected to the relevant inspection period under section 26 of the Local Audit and Accountability Act 2014. No written notice of objection had been received.

On 25th June, the formerly Interim Chief Finance Officer, received a phone call from our External Auditors, EY LLP, explaining that their planned Audit which was to commence the week beginning 1<sup>st</sup> July would be delayed and would need to be rescheduled after 31<sup>st</sup> July. A meeting was arranged with the Chair of Audit and Scrutiny and the External Auditors to explain the situation and a letter was received dated 3<sup>rd</sup> July to notify the Council in writing.

External Auditors have expressed their disappointment with this position and recognise the impact this has on the Council's resources, reputation and that this position is through no fault of the Council and its finance team. A reschedule of the Audit has been proposed as soon as possible after 31<sup>st</sup> July, but no dates have yet been received or confirmed at the time this report was published.

The authority will publish on our website, before the 31st July, the unaudited Statement of Accounts, the Annual Governance Statement and the Narrative Statement, without a certificate or opinion from the local auditor, and accompany these documents with a Notice explaining the reasons for the delay of the audit.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Mr Neil Harris was present and reiterated what was said in the report stating that the reason for the delayed audit was no fault of the Council and its finance team, but due to Ernst & Young's resource restraints and to safeguard audit quality. Mr Harris gave assurance that the Council were not in breach of any statutory requirements.

Members raised concerns regarding value for money in relation to their partnership working with other authorities. Mr Harris saw no reason why Brentwood were not giving value of money and saw no significant risks in this area.

With regard to Planning and Licensing, page 36 in the report, Members asked whether Brentwood Council could be self-financing, which currently as the

figures show, is not. Mr Harris agreed to take this question offline and report back to the Director of Corporate Resources to feedback to the Committee.

Cllr Cloke asked for a breakdown of the Transformation services which the Director of Resource will provide directly to committee members outside of the meeting.

It was noted that the Appendices to the recommendations had been referred to incorrectly. Subject to these being amended, a vote was taken by a show of hands and it was **RESOLVED**:

1. **The Annual Governance Statement 2018/19 attached in Appendix B is approved and signed by the Chief Executive and Leader of the Council.**
2. **The Unaudited Statement of Accounts 2018/19 attached in Appendix B is considered and approved and signed by the Chair of the Audit and Scrutiny Committee.**
3. **The Committee notes the letter received by the External Auditors dated 3<sup>rd</sup> July Attached in Appendix A.**
4. **The Committee notes paragraph 4.10 and gives delegated authority to the Director of Corporate Resources to agree the final notice that will be published alongside the Unaudited Statement of Accounts 2018/19.**

### **Reason for Recommendations**

To enable the Council to meet the requirements of the Accounts and Audit (England) Regulations 2015 in respect of approval of the financial statements and the annual governance statement.

### **145. Internal Audit Progress Report**

This report intended to inform the Audit and Scrutiny Committee of progress made against the approved internal audit plans for 2018/19 and 2019/20, which were approved by the Audit and Scrutiny Committee in March 2018 and March 2019 respectively.

The report had been finalised since the last Committee and a summary of the findings was included in the progress report:

- Main Financial Systems

The executive summary of the audit is included in Appendix A – Progress report.

The full report is available on request.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Ms Janine Combrinck was present and summarised the report.

Following a full discussion a vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY:**

- 1. That the Committee receives and notes the contents of the internal Audit Progress Report attached at Appendix A.**

#### **Reason for Recommendation**

To monitor the progress of work against the internal audit plan.

### **146. Internal Audit Annual Report 2018/19**

Overall, we were able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming their view the Council have taken into account that:

- The Council has performed broadly in line with budget regarding financial performance.
- The Council has continued to demonstrate sound financial management with moderate assurance opinions provided on the design and operational effectiveness in the audits on corporate projects and key financial systems.

In respect of the design of the controls, an opinion of moderate assurance was provided for seven out of the ten assurance audits where reports have been issued, substantial assurance was provided in three areas. These opinions are an improvement compared with 2017-18.

In respect of the design and operational effectiveness of the controls, opinion of moderate / moderate assurance was provided for five of the ten assurance audits where reports have been issued, substantial assurance was provided in four areas, and in limited assurance in one area. These opinions are an improvement compared with 2017-18.

The Council has specifically requested audits into known areas of risk and new areas of concern i.e. the Housing Department and PCI/DSS compliance.

Management has responded positively to reports issued and action plans have been developed to address the recommendations raised.

We have confirmed that 71% of recommendations due for implementation by the date of reporting had been completed. Management has provided assurance that a further 19 (24%) have been implemented, we are awaiting evidence to verify this.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Mr Rubins was present at the meeting and summarised the report. He reported that good progress had been made by the Council given the financial pressures it is currently facing. However, work is needed to improve implementation of recommendations on a timely basis and the auditors will be working with the Council on this to ensure improvement in this area.

Following a full discussion a vote was taken by a show of hands and it was **RESOLVED:**

1. **That the Committee receives and notes the contents of the report.**

#### **Reasons for Recommendation**

To review the results of the internal audit reviews undertaken during the year and highlight key themes and areas for consideration arising from the work of internal audit.

#### **147. Risk Management Report**

The report updated members of the Audit & Scrutiny Committee on the status of the Council's 2019 Strategic Risk Register and high-level Operational Risks.

Following on from a request at the Regulatory and Governance Committee on 6 March 2019, attached at appendix C is the complete Operational Risk Register for the Housing Department.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Members raised concerns over the level of insurance regarding subsidence. Mrs Van Mellaerts will come back to Members regarding this point outside of the meeting.

Following a full discussion a vote was taken by a show of hands and it was **RESOLVED:**

1. **To agree the amendments to the Strategic Risk Register, as shown in Appendix A, and that the risk scores recorded for each risk accurately represents the current status of each risk.**

2. To agree the risk scores recorded for the high-level Operational Risks, as shown in Appendix B.
3. To agree the risk scores recorded for the Housing Operational Risks, as shown in Appendix C.

#### **Reasons for Recommendations**

Risk Management continues to be embedded quarterly within the Senior Management Team Reports, where Service Heads discuss the top-level risks for their service areas to ensure that the risks are updated to reflect on the ongoing changes.

In addition, the Risk and Insurance Officer will continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

#### **148. Scrutiny Work Programme 2019/20**

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee. This report provides an update of the current scrutiny work programme and is set out in Appendix A.

In addition, legislation requires that an Annual report is made to the Committee on the work of the Community Safety Partnership. This report is normally made at the March committee each year.

At the Audit and Scrutiny Committee on the 18<sup>th</sup> June 2019, Min.51 refers, it was agreed that a request form be sent for scrutiny matters be made available to all members immediately following the meetings. This action was undertaken and to date no responses have been received.

A motion was **MOVED** by Cllr Nolan and **SECONDED** by Cllr Tanner to approve the recommendations in the report.

Following a full discussion a vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY:**

1. That the Committee considers and agrees the 2019/20 Scrutiny work programme as set out in Appendix A.

#### **Reasons for Recommendation**

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee.

**149. Urgent Business**

There were no items of urgent business.

The meeting concluded at 20:05

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