

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Tuesday, 21 July 2020 Via Public Remote Access (please contact the Clerk named below for instructions)

Present: Councillors M. Lloyd Jones (Chair), Wall (Vice-Chair), E. Cargill, A. Lowe, MacManus, McDermott, Philbin, N. Plumpton Walsh, Joe Roberts, G. Stockton and J. Stockton

Apologies for Absence: None

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, M. Murphy and G. Ferguson

Also in attendance: One member of the press. Councillor Wharton under Standing Order 33. M. Heap and M. Green – Grant Thornton.

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

BEB1 MINUTES

The Minutes of the meeting held on 24th February 2020 were taken as read and signed as a correct record.

N.B. COUNCILLOR JOHN STOCKTON DECLARED A DISCLOSABLE OTHER INTEREST IN THE FOLLOWING ITEM OF BUSINESS AS HE IS A GOVERNOR OF ST MARTINS RC PRIMARY SCHOOL.

BEB2 AUDIT PROGRESS 2018/19 FINAL ACCOUNTS

The Board considered a report of the Operational Director, Finance, on the latest position regarding the external audit of the Council's 2018/19 Statement of Accounts.

The Board was advised that the Statement of Accounts set out the Council's financial performance for the year in terms of revenue and capital spending. It presented the year-end financial position as reflected in the balance sheet.

It was reported that due to a number of technical

Action

accounting issues, the external auditor was not in a position to publish the audit certificate or opinion on the 2018/19 Statement of Accounts.

It was reported that the Council had published a notice on 31 July 2019 stating the reasons why it had not been able to publish the final Statement of Accounts. The final audited Statement of Accounts would be reported to the Board once the audit was complete, along with the Audit Findings report.

A Member queried the impact of Covid19 on internal audits and Officers advised that Covid19 had delayed certain internal audits such as those involving catering and bars.

In response to a Member query regarding how resilient were the Council's finances, the Board was advised that Covid19 had impacted on the Council's finances and created budget pressures. It was anticipated that it would continue to impact on the future Council budget setting process.

RESOLVED: That the external auditor's verbal update on progress be noted.

BEB3 INTERNAL AUDIT ANNUAL REPORT - 2019/20

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which summarised the work of Internal Audit during 2019/20 and presented an opinion on the effectiveness of the Council's overall risk management, control and governance processes.

It was noted that the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report which could be used to inform the Annual Governance Statement. In providing an overall opinion, account had also been taken of the unprecedented challenges faced by the Council in responding to Covid19. This inevitability continued to impact on the structure of the Council's risk management, control and governance processes both in terms of the Council response to the pandemic and also in regard to the reset arrangements.

RESOLVED: That the Board notes and approves the Internal Audit Annual Report 2019/20.

BEB4 ANNUAL REVIEW OF THE CORPORATE RISK REGISTER
2020/21

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the updated Corporate Risk Register for 2020/21.

The Board was advised that the Council recognised its responsibility to manage both internal and external risks as a key component of good corporate governance.

It was reported that the Risk Control Measures had been reviewed and updated in line with current changes within the Authority and as proposed by managers and stakeholders. The risks had been grouped in order of priority, as set out in the report. The priority had been given to risks around people.

RESOLVED: That the update of actions be noted.

BEB5 REVIEW OF THE EXTERNAL AUDIT MARKET AND
2020/21 EXTERNAL AUDIT FEES

The Board considered a report which outlined a review of the external audit market commission by Public Sector Audit Appointments Limited (PSAA).

The Local Audit and Accountability Act 2014 abolished the Audit Commission, following which the Council's external audit contract was now procured and managed by Public Sector Audit Appointments Limited (PSAA). PSAA was an independent, not-for-profit company limited by guarantee, established by the Local Government Association to procure and manage external audit contracts for nearly 500 councils. The Council's contract with Grant Thornton for the provision of external audit service was for five years until 31st March 2023.

Since the new contracts were let in 2018, there had been increasing concerns raised by the nine approved firms regarding the higher assurance levels which they were now required to provide by the audit regulators, compared with the resources they had available to undertake such work based upon the level of fees which could be charged. In addition, the National Audit Office has introduced a new Code of Audit Practice from 2020/21, which will further increase audit assurance requirements.

As a result of these concerns, PSAA commissioned a review of the sustainability of the external audit market and

the prospects for any future audit procurement. The report presenting the outcomes of this review was shown in Appendix 1.

In addition, the report also detailed the Council's external audit scale fee for 2020/21. The fee would be £81,076 which was the same as the level set for the previous year. In a letter from the PSAA to the Chair of the Board and the Operational Director, Finance, it was highlighted that with so much turbulence currently in the external audit environment, additional fees were likely to arise for most if not all audit bodies. Any variations in fees however, would be discussed with the Council at an early stage and were then required to be approved by the PSSA.

Arising from the discussion, the Board was advised that work was ongoing to set the Council 2021/22 budget and it was anticipated that there would be a shortfall in Government Covid19 funding which would bring added pressures.

RESOLVED: That

1. the outcomes of the review of the external audit market commissioned by Public Sector Audit Appointments Limited (PSAA) be noted; and
2. the Council's external audit scale fee for 2020/21 of £81,076 be noted.

BEB6 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- 1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- 2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the

public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighed that in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

N.B. COUNCILLOR JOHN STOCKTON DECLARED A DISCLOSABLE OTHER INTEREST IN THE FOLLOWING ITEM OF BUSINESS AS HE IS A GOVERNOR OF ST MARTINS RC PRIMARY SCHOOL.

COUNCILLOR WALL, VICE CHAIR IN THE CHAIR

BEB7 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which provided Members with a summary of internal audit work completed since the last progress report on 24 February 2020. The report also highlighted matters relevant to the Board's responsibilities as the Council's Audit Committee.

The 2019/20 Internal Audit Plan was approved by the Business Efficiency Board on 27 March 2019. The plan comprised a total of 895 days of audit work based on a forecast staffing establishment of 5.21 FTE staff.

At year-end, 684 days of audit work had been completed. This represented 76.4% of the total planned days for the year. The Board was kept informed throughout the year as to the reasons why all planned work would not be achieved by year-end. In order to manage the situation, the Board agreed to defer some planned work to the 2020/21 Audit Plan.

Most work relating to the 2019/20 Audit Plan was now complete and the remaining work would be completed as soon as possible. It had been necessary to delay some work that was in progress due to the Covid19 pandemic. As part of the Council's business continuity arrangements members of the audit team have been seconded to other

business areas to support the Council's response to Covid19

It was noted that a total of 17 Internal Audit reports had been finalised since the last progress report. An overall assurance opinion was provided for each audit engagement. It was reported that there had been no follow-up audit reviews completed since the last progress report with the main focus of activity being supporting the Council's response to the Covid19 pandemic and completing as many reviews as possible from the 2019/20 Internal Audit Plan.

RESOLVED: That the report be noted.

Meeting ended at 6.45 p.m.