

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

Minutes of the meeting held at 7.00 pm on 28 March 2024

### **Present:**

Councillor Michael Tickner (Chairman)  
Councillor Robert Evans (Vice-Chairman)  
Councillors Jeremy Adams, Felicity Bainbridge,  
Simon Fawthrop, Julie Ireland, Ruth McGregor,  
Keith Onslow and Chris Price

Greig Allen

### **Also Present:**

Janet Dawson, EY

### **31 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Cllr Dr Sunil Gupta, who was replaced by Cllr Keith Onslow, and from Cllr Simon Jeal, who was replaced by Cllr Chris Price.

### **32 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **33 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 7<sup>th</sup> NOVEMBER 2023**

**RESOLVED** that the minutes of the meeting held on 7<sup>th</sup> November 2024 be confirmed.

### **34 QUESTIONS TO THE AUDIT AND RISK MANAGEMENT COMMITTEE**

No questions had been received.

### **35 MATTERS ARISING**

Report CSD24047

The Committee received an update on matters outstanding from previous meetings.

### **36 INFORMATION BRIEFING: INTERNAL AUDIT REDACTED REPORTS**

The Committee discussed the following Internal Audit Reports –

**(A) Parking Income**

The Committee discussed the following Internal Audit Reports:

**(B) Parking Income**

A Member asked:

1. Whether the cost of thefts from pay and display machines, and lost income from these broken machines, was born by the Council or the contractor.
2. Were those losses reimbursed to the Council?
3. If the losses were reimbursed, how much was paid?
4. The contract also states that the Council should be reimbursed for the periods the machines are out of action. Were such penalties imposed and how much was paid to the Council?

A response would be provided to all Audit Committee Members once information had been received from the Head of Service, Shared Parking Services.

**(C) Community Safety**

A Member asked if the Anti-Social Behaviour training had been completed, and whether there was any measure of effectiveness of the training. The Head of Audit and Assurance reported that Policies and Procedures had been updated and a Training Plan was in place for 2024/25. Management oversight would seek to identify any additional individual needs.

**(D) Property Services – Facilities Management**

A Member expressed concern that a year was too long to wait for progress reports on performance management and budget monitoring, and asked whether Executive, Resources and Contracts PDS Committee should consider this.

The Head of Audit and Assurance responded that an update could be provided for the Committee's November meeting – this would be after current contracts ended in September and possibly new staff would be in place replacing the current interim management.

The Chairman of the Executive, Resources and Contracts PDS Committee asked the Member to write to him with his concerns. He added that a gateway report was expected to his PDS meeting, and that he was concerned about general standards of contract management – he had requested a report for the PDS Committee. The Head of Audit and Assurance commented that

contract management appeared to be more of a problem with smaller contracts and that training for managers was being rolled out.

**37 INFORMATION BRIEFING: BI-ANNUAL REPORT ON EXTENSIONS, EXEMPTIONS AND WAIVERS**

Report FSD22041

The Committee received its bi-annual information report on the application of all extensions, variations, waivers and exemptions where the procurement action was £50k or higher.

**38 EXTERNAL AUDIT REPORTS**

Report FSD24029

The Committee received a report providing the annual audit letter following conclusion of the audit of the 2019/20 Statement of Accounts, draft audit results for the 2020/21 Pension Fund audit and an update on the main Council audit for 2020/21 and subsequent years. Janet Dawson from EY, the Council's external auditor, attended the meeting.

Ms Dawson explained that all the audit work for 2018/19 was done and consideration of the objections to the 2018/19 accounts was now nearly concluded; this would allow the certificate to be issued for 2019/20 and then EY would assist the Council to re-set towards the correct timetable. The 19/20 audit should follow within months, and the 22/23 audit was subject to a back-stop date of 30<sup>th</sup> September 2024. She confirmed that the objector had no right of appeal as the objections were based on public interest rather than unlawfulness. The objections were detailed and substantial, amounting to around 70-80 pages of text, and EY's work had been delayed until the previous auditor's work was completed in 2022. The objections had to be worked through carefully, according to set processes. However, as the objections were essentially the same each year, future years should be dealt with more quickly.

A timetable for the 2023/24 audit cycle was set out on page 106 of the agenda pack; substantive work would be carried out over the summer and the process should be completed by the end of the calendar year. The Council's Head of Corporate Finance and Accounting confirmed that the Government expected Councils to produce their draft accounts within two months

Ms Dawson confirmed that Audit fees were set by the Public Service Audit Authority (PSAA). A Member suggested that the cumulative costs of addressing the objector's concerns should be drawn up. The Director of Finance confirmed that although the Council might view the objector as vexatious the auditor had to work through the objections. There were concerns about the audit requirements, some of which were more suited to the private sector, and the fees imposed on local authorities by the PSAA. The new value for money assessment was useful – the Director confirmed

that there were no concerns for Bromley – but it was intended to identify those authorities struggling financially. The Chairman suggested that the Committee should have further discussion of fees in part 2.

A Member asked about the Audit Differences commentary (page 65 of the agenda pack). Ms Dawson confirmed that the different benchmarking approaches of MFS and BNY Mellon were not material, and that the Mytime Active exit from the Pension Scheme did not mean that the Pension Scheme was better off, only that the year-end position had not been reversed out.

The Chairman thanked Ms Dawson for attending the meeting and for her work assisting the Council.

**RESOLVED that**

- (1) The 2019/20 Annual Audit Letter from EY (Appendix 1 to the report) be noted.**
- (2) The draft 2020/21 Pension Fund Audit Results report from EY (Appendix 2 to the report) be noted.**
- (3) The Audit Update report from EY (Appendix 3 to the report) be noted.**

**39 INTERNAL AUDIT AND FRAUD PROGRESS REPORT**

Report FSD24024

The report provided an update on Internal Audit activity and outcomes to date in the 2023/24 financial year and an update on counter fraud activity for the first three quarters of the year. The report also set out proposed changes to the Internal Audit Plan for the Committee's approval.

The emerging themes from the year's work related to Contract Management, Supplier Business Continuity Plans, Performance Management, Data Quality and Policies and Procedures. Appendix C to the report set out follow-up of Priority 1 recommendations; there was generally good progress, and further information on Priority 2 and 3 recommendations would be reported to the Committee's next meeting. New professional Internal Audit standards were expected in June; a gap analysis was being carried out to identify the changes required and training needs. Changes to the Committee's role were also anticipated. The Internal Audit Team continued to have problems with staffing resources, but contractors had been engaged to carry out some audits and the position was improving.

In response to questions, the Head of Audit and Assurance explained that the Cloud Design and Migration Plan audit was an advisory audit which could not be carried out as the allocated auditor had left the Council – it was now proposed to carry out an assurance review of a subsequent iteration of the Plan. An update on this would be provided later in the year.

The Discharge to Assess audit had resulted in three Priority 1 recommendations, on Financial Management and Budget Monitoring, Operational Procedures and Performance Monitoring. Performance had improved on all these issues, but Internal Audit would check that the changes made were fully embedded and report back in November.

It was confirmed that although the Quality of Accommodation (Temporary Accommodation) audit would move into the 2024/25 programme, the actual delay would only be a few months.

A Risk Management Strategy for the Council had been drafted; it was intended that external consultants would be brought in to advise on key elements of the Strategy. It was hoped that this work could be carried out in the next few months, then the Strategy would be reported to the Committee.

**RESOLVED that**

- (1) The Progress Report be noted.**
- (2) The amendments to the 2023/24 Internal Audit Plan set out in paragraph 3.1.5 of the report be approved.**

**40 INTERNAL AUDIT PLAN: APRIL - OCTOBER 2024**

Report FSD24028

The report presented the Internal Audit Plan April – October 2024. It explained the risk-based planning process and the underlying assumptions behind the resource assessment used to produce the Plan. The report also presented the Internal Audit Charter 2023-24 for approval and the five year framework for review and comment.

A Member drew attention to Table 1 – Internal Resources and the deficit of 184 hours needed to complete the proposed Audit Plan. It was proposed to commission external providers and the position would be much clearer by the Committee's next meeting in June. The Head of Audit and Assurance was reviewing the Team's structure and what would be needed for the future. The market for auditors was very difficult; although apprentices might offer a solution more senior staff need to be available to support them.

**RESOLVED that**

- (1) The April – October 2024 Internal Audit Plan (Appendix A to the report) be approved.**
- (2) The Internal Audit Charter (Appendix B to the report) be approved.**
- (3) The Internal Audit strategic five-year framework (Appendix C to the report) be noted.**

**41 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

**RESOLVED** that the press and public be excluded during consideration of the item of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present, there would be disclosure to them of exempt information.

**42 EXTERNAL AUDIT REPORTS**

The Committee received a briefing from the Director of Finance on External Audit fees. The Director explained the role of the Financial Reporting Council which sets standards that external audit firms had to meet and the impact of not meeting those standards from an external audit perspective. This resulted in the need for additional evidence by external auditors which led to the separate use of an actuary by the external audit firms without sole reliance on the information from the Council's actuary. This increased costs for the Council. Although some of the arrangements required were more applicable to the private sector they remained a requirement also for local government. Local Authority Treasurers were actively responding on the need for improvements in future arrangements.

The Council would not be required to pay for any audit work relating to published Statement of Accounts not undertaken.

The Government had provided limited additional funding for the new burdens placed on Councils, but this was significantly less than the actual amount needed. The Public Sector Audit Authority (PSAA) determined the final audit fees and provided arbitration, if necessary, where fees were disputed between the external audit and the local authority.

The Meeting ended at 8.25 pm

Chairman