

# GOVERNANCE AND AUDIT COMMITTEE

Date: 29 January 2020

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Peter Wathen (Chairman)  
Alex Smith (Vice Chairman)  
Annabel de Capell Brooke Peter Tomas  
Rosalie Beattie Richard Gell

## External attendees:

Rachel Ashley-Caunt (Head of Internal Audit)  
Neil Harris Ernst & Young LLP, (EY), External Auditor

### **376. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Robin Underwood, and Sylvia Hobbs

### **377. MINUTES**

The minutes of the meeting held on 27 November 2019 were approved and signed by the Chairman.

### **378. DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **379. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3**

No questions were submitted under Procedure Rule 10.3.

### **380. CHANGE TO ORDER OF THE AGENDA**

The Chairman advised that there would be a change to the order of the agenda and Item 9, Progress on 2018/19 Audit, would be considered first.

### **381. PROGRESS ON 2018/19 AUDIT**

The External Auditor provided a verbal update on the progress of the 2018/19 audit. EY were unable to complete the audit until the statutory audit opinion on Northamptonshire County Council's accounts had been received. KPMG had completed their statutory audit opinion on the NCC 2017/18 accounts in December 2019 and work had now substantially concluded on the pension fund for 2018/19, and an assurance letter in respect of this had been received by

EY on 27<sup>th</sup> January 2020. The Committee was advised that no matters had arisen that was material to the opinion of EY, and the 2018/19 audit should now be completed by the end of February 2020. A report would be brought to the next meeting of this Committee for sign off. The External Auditor thanked officers for their forbearance during this process and he would update officers on the plans for the 2019/20 audit.

The Chairman advised the Committee that he had personally written to the external auditors, expressing concern regarding the delay of the completion of the audit, and also seeking assurance that the 2019/20 audit would be expedited as soon as possible. He had also written to the PSAA to express concern.

The Committee was advised that there had been an unprecedented number of organisations that had not yet been given an opinion on their 2018/19 audits. Clarification would be issued on the outstanding audits and a sustainable delivery plan would be developed for 2019/20. The External Auditor would be finalising a delivery model over the coming weeks, with the audit aiming to be delivered by the end of September 2020. The Committee was reassured that EY were back up to a full team of senior auditors, having previously had a gap of 8 FTE posts, through a rigorous interview and testing process.

#### **RESOLVED:**

That the verbal update be noted

### **382. INTERNAL AUDIT – PROGRESS AND PERFORMANCE**

The Head of Internal Audit presented a report which provided the Committee with information on the progress made by Internal Audit on the delivery of the Annual Internal Audit Plan for 2019/20 and associated measures of performance. The Committee were advised that the delivery of the Annual Internal Audit Plan remained on schedule, with 94% of the Audit Plan either underway or complete.

The Committee was advised that the Asset Management audit had been completed with a limited assurance rating. The report had looked at two key areas of risk; corporate properties and management of the Council's asset portfolio and commercially leased properties, and found little assurance with either. The Committee noted the management response to this, along with an update on the status of the actions arising, as at Appendix C of the report.

Officers provided an overview as to how the situation had manifested itself over recent years; this had been due to a gradual decline with a number of factors such as staff changes and the position of the team within the organisation. The Committee noted that the Asset Management Audit had been carried out at the request of officers, and was provided with reassurances that action was already underway to resolve several of the outstanding urgent issues, prior to the conclusion of the Audit. Record keeping which had previously been solely paper based was now electronically managed, with scanning of copies of certificates and other key documentation underway. Copies of statutory documents would also be put on the Council's Intranet for information. A follow up Audit would be undertaken in late Quarter 3 or Quarter 4 of 2020/21.

The Committee was advised that a joint working approach had been agreed with Corby Borough Council, who would take over the estate management of key commercial stock. A Memorandum of Understanding had been signed and was now with Corby.

The Chairman requested that the Terms of Reference for the Governance and Audit Working Group be amended, to include the Asset Management Audit within its remit. A revised Terms of Reference would be brought back to the next meeting of the Governance and Audit Committee.

The Head of Economic and Commercial Development thanked the Facilities Manager for all the work that had been completed or was underway.

**RESOLVED:**

That the report be noted

*(Reason: To review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards.)*

**383. LOCAL PLAN PROJECT**

The Planning Policy Manager gave a presentation on the Local Plan, detailing its background, aims and future timeline. The Committee was advised that the Local Plan was currently in line with the timetable, despite some delays, with an aim to have it signed off at the meeting of the Planning Policy Committee in June.

The Internal Auditor advised that all actions in the Audit had a due date of November 2019, and would be followed up with an update to be brought to the next meeting of this Committee.

**RESOLVED:**

That the report be noted

**384. RISK MANAGEMENT – UPDATE ON QUARTER 2 RISK SCORES (2019/2020)**

The Finance Manager presented a report providing the Committee with an update on the Council's risk register scores for Quarter 2, and clarification as to why some scores had notably decreased. The Committee was advised that a full risk report for Quarter 3 would be brought to its next meeting.

**RESOLVED:**

That the report and accompanying statement be noted.

*(Reason: To ensure the council has an up to date and effective risk reporting process in place.)*

**385. ENTERPRISE CENTRE EAST NORTHANTS RISK REVIEW**

The Head of Economic and Commercial Development presented a report reviewing the current risk register for the Enterprise Centre East Northants project. The Committee were advised that the main risk over the past six months had been the appointment of the operator. However this was now almost resolved, with the awarded contract due to be signed imminently. It was noted that there had been 45 enquiries about renting space in the Centre.

**RESOLVED:**

That the report be noted

*(Reason: To provide oversight of the Enterprise Centre East Northants risks.)*

**Chairman**