

# LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Thursday, 28th May, 2020 at 6.30 pm  
via Microsoft Teams and streamed live.

## Voting Members

Cllr S.J. Masterson (Chairman)  
Cllr Mara Makunura (Vice-Chairman)

Cllr Sophia Choudhary  
Cllr A.K. Chowdhury  
Cllr A.H. Crawford  
Cllr Veronica Graham-Green  
Cllr Christine Guinness  
Cllr A.J. Halstead  
Cllr L. Jeffers  
Cllr Prabesh KC  
Cllr Jacqui Vosper

## 1. MINUTES

The Minutes of the meeting held on 23rd March, 2020 were approved and would be signed by the Chairman at a later date.

## 2. STATEMENT OF ACCOUNTS 2018/19 - UPDATE

The Committee received the Executive Head of Finance's Report No. FIN2016 which provided Members with an update on audit progress for the Council's Statement of Accounts for 2018/19 and on the provision of audit opinion since the last meeting on 23rd March, 2020, and included a timetable for the completion and publication of the 2019/20 Statement of Accounts.

The Executive Head of Finance reminded members that at its meeting in March 2020, they were advised that the external auditors had largely concluded their audit work and had issued a draft Audit Results Report, and delegated approval had been given to authorise the Chairman of the Committee and the Executive Head of Finance to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report.

Subsequent to this meeting, the Committee was advised that Ernst & Young (EY), in response to the Covid-19 pandemic, placed a temporary moratorium on the issuing of audit opinions on 24th March, 2020. Whilst this moratorium has been lifted, EY now had to consider whether Covid-19 gave rise to a Post Balance Sheet Event (PBSE) and posed an ongoing risk. Officers were in discussion with EY and were providing information concerning the impact of Covid-19 on the Council's finances. The Committee noted that a statement from the Executive Head of Finance

concerning the financial standing of the Council was currently being reviewed by EY and that the final Statement of Accounts and Audit Opinion were now expected in early June 2020 and would be considered by the Committee at its next meeting on 28th July, 2020. The delegated authority given to the Chairman and Executive Head of Finance was therefore no longer needed.

In respect of the 2019/20 Statement of Accounts, in response to Covid-19, the Committee noted that the deadlines for the completion and publication of these accounts had been changed, as set out in the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 which came into force on 30th April, 2020, and detailed in the Report.

**RESOLVED:** That the approval given to the Chairman of the Committee and the Executive Head of Finance to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report be removed.

### 3. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee considered the Audit Manager's Report No. AUD20/04 which provided an update on work carried out by Internal Audit for quarter 4 and the changes required to deliverables due to the current Covid-19 situation. The Committee noted the need to change work priorities to focus on assurance work around the payment of grants to businesses and to provide general advice to the organisation, and also noted the adjustments to the previously communicated deliverables for quarters 1 and 2.

One member was concerned that the assurance ratings given by Internal Audit to the fees and processing of records in relation to taxi licensing did not fully take into account the reputational risk to the Council of the high percentage of errors. The Committee was assured that actions had been taken to improve the systems used and that this was an area of work that managers had acknowledged required further attention.

**RESOLVED:** That the audit work carried out in quarter 4, including work slipped from quarter 3, and the expected deliverables for quarters 1 and 2, as set out in the Audit Manager's Report No. AUD20/04, be noted.

### 4. **INTERNAL AUDIT - AUDIT OPINION**

The Committee considered the Audit Manager's Report No. AUD20/05 which set out the Internal Audit coverage, findings and performance for 2019/20 and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment. The Report also covered the self-assessment carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

It was noted that, in assessing the level of assurance to be given for 2019/20, the opinion was based on:

- written reports on all internal audit work completed during 2019/20;
- results of any follow-up exercises undertaken in respect of previous years' internal audit work;
- results of work of other review bodies (where appropriate) eg PSN certification;
- counter-fraud work carried out by the Corporate Investigations Team;
- quality and performance of the internal audit service and the extent of compliance with the Standards;
- NFI data match checks;
- participation on the corporate governance group;
- mitigations in place to minimise the risks identified within the Corporate Risk Register

The Report advised that the Audit Manager had given an overall reasonable assurance opinion on the effectiveness of the Council's framework of governance, risk management and management control for 2019/20. In respect of the four key areas of non-compliance for the PSIAS, appropriate corrective actions and a timescale for improvement have been agreed with management. These four key areas were:

- an external assessment on audit activity;
- performance targets not in place;
- updates to policies and procedures;
- review of the Council's Ethics related objectives, programmes and activities.

The Report set out a summary of the results of the PSIAS self-assessment. It was noted that there were eleven overall standards, which were broken down into 336 fundamental principles against which compliance was measured. The Report advised that, in 2019/20, the Council had been 95% compliant, 4% partially compliant and 1% not compliant.

During discussion, concern was raised about the number of limited assurances in the report. The Audit Manager acknowledged that the number had increased during 2019/20 but that the overall trend was downwards. It was her view that a limited assurance was not necessarily negative as it meant that a risk had been identified and controls were being applied to mitigate the risk.

**RESOLVED:** That

- (i) the coverage of assurance obtained across the Council to allow the Audit Opinion to be formulated be noted;
- (ii) the level of internal control assessed in 2019/20 through opinion-based audit assurance work be noted;
- (iii) the Audit Opinion given for 2019/20 be noted;
- (iv) the Performance Indicators for the internal audit activity for 2020/21 be endorsed;
- (v) the self-assessment exercise against the Public Sector Internal Audit Standards and the areas of non-conformance with the standards be noted; and

- (vi) the Quality and Assurance Improvement Plan for 2019/20, as set out in Appendix C to the Report, be endorsed.

## 5. APPOINTMENTS 2020/21

### (1) Outside Bodies –

**RESOLVED:** That the appointment of representatives to outside bodies for the 2020/21 Municipal Year, as set out in the attached Appendix, be approved.

### (2) Appointments and Appeals Panels –

**RESOLVED:** That the Head of Democracy, Strategy and Partnerships be authorised to make appointments to the Appointments and Appeals Panels in accordance with the Membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

### (3) Licensing Sub-Committee –

**RESOLVED:** That the following Members be appointed to serve on the Licensing Sub-Committee for the 2020/21 Municipal Year (three Conservative; two Labour):

Conservative Group: Cllrs Mara Makunura, S.J. Masterson and Jacqui Vosper

Labour Group: Cllrs A.H. Crawford and Christine Guinness.

### (4) Licensing Sub-Committee (Alcohol and Entertainments) –

**RESOLVED:** That the Head of Democracy, Strategy and Partnerships be authorised to make appointments from the membership of the Licensing, Audit and General Purposes Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May, 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

### (5) Constitution Working Group –

**RESOLVED:** That the Head of Democracy, Strategy and Partnerships be authorised to make appointments on the basis of six Members including two Cabinet Members, the Chairman of the Licensing, Audit and General Purposes Committee and representatives of other groups.

The meeting closed at 7.40 pm.

CLLR S.J. MASTERSON (CHAIRMAN)

-----