

CIVIC AFFAIRS4 June 2020
5.30 - 6.36 pm

Present: Councillors Sargeant (Chair), Chadwick, Dalzell, Moore, O'Reilly and Thornburrow

Officers:

Chief Executive: Antoinette Jackson

Head of Finance: Caroline Ryba

Head of Shared Internal Audit Service: Jonathan Tully

Deputy Head of Finance: Jody Etherington

Committee Manager: Sarah Steed

Committee Manager: Claire Tunnicliffe

Others Present:

Ernst & Young External Auditor: Suresh Patel

Ernst & Young External Auditor Tony Poynton

Independent Person: Rob Bennett

FOR THE INFORMATION OF THE COUNCIL**20/17/Civ Apologies**

Apologies were received from Councillor Davey. Councillor Moore attended as an alternate.

20/18/Civ Declarations of Interest

No interests were declared.

20/19/Civ Minutes

The minutes of the meetings held on 18 May were approved as a correct record and signed by the Chair.

20/20/Civ Public Questions

There were no public questions.

20/21/Civ Annual Governance Statement

The Committee received a report from Head of Shared Internal Audit Service regarding the Annual Governance Statement for 2018/19, and the Local Code of Corporate Governance, for consideration by the Civic Affairs Committee.

The purpose of the report was to provide an update on the Annual Governance Statement, which had previously been approved by the Committee on 24th July 2019.

Unanimously resolved to note there have been no changes made to the Annual Governance Statement that had been approved previously.

20/22/Civ Statement of Accounts 2018/19

The committee received a report from the Deputy Head of Finance regarding the external audit conclusions and approval of the statement of accounts.

In response to Members' and the Independent Person's questions, the Head of Finance, Head of Shared Internal Audit Service, Deputy Head of Finance said the following:

- i. In 2018/19 there had been two IT outages impacting on the council's delivery of services: a power outage and a supply network outage. The incidents were not related and unforeseen events highlighting these occurrences could not be planned for. Upgraded measures had been taken to monitor these areas and outages had not occurred since.
- ii. Changes to property valuations and pension fund liabilities would always impact on the unusable reserves rather than the useable reserves; the risk to the general fund was low.
- iii. There had also been adjustments to the technical accounting entries concerning the Movement in Reserves Statement.
- iv. Acknowledged there had been issues with the first draft accounts, which tended to be more complex issues on the statutory side of the accounts rather than the general fund.
- v. The increase in the number of adjustments from the previous year could be explained for the following reasons:
 - The continued complexity in which the council worked.
 - More complicated transactions were being undertaken, such as those involving the Cambridge Investment Partnership.

- An increase in the level of challenge from the external auditors.
 - A change in personnel at the council preparing the statement of accounts.
- vi. The council had employed a senior technical accountant to work with the Deputy Head of Finance on the 2019/20 accounts. Previously there had only been one individual, the council was therefore in a much stronger position than previous years as there was no longer a single point of failure.

The Associate Partner of Ernst and Young said the following:

- i. Local authorities reporting dates had been revised due to the COVID-19 pandemic. Draft 2019/20 accounts were due by the end of August 2020 with a deadline of the end of November for the publication of audited and approved accounts.
- ii. EY planned to bring an outline audit plan to the Civic Affairs Committee in July. Some initial work would be done in August with a full team of auditors returning in October to ensure the November deadline would be met.
- iii. EY had recognised the need for continuity within their audit team for the council, auditors who had worked on the 2018/19 audits, with one member of the 2019/20 audit planning team would be working on the council's 2019/20 accounts.
- iv. If ongoing audit work on the statement of 2018/19 accounts identified a material uncertainty, the auditor's opinion within the statement of accounts may need to include an emphasis of matter paragraph. However, from evidence seen to date this was unlikely.

The Independent Person advised that if there were to be any changes to the wording of the opinion then Councillors should be notified of these.

Councillor Chadwick proposed the following amendment (with advice from the Head of Finance) to 2.3 of the officer's recommendation (additional text underlined):

- i. Receive the Audit Results Report presented by Ernst & Young.
- ii. Approved the Statement of Accounts for the year ended 31 March 2019 subject to any remaining amendments per recommendation
- iii. Delegate to the Chair of the meeting and in consultation with the Opposition Spokes to approve any amendments to the Statement of Accounts arising from remaining audit procedures, provided that

these do not have a material impact on the Council's reserves or result in any changes to the Auditor's opinion.

- iv. Authorised the Chair of the meeting to sign the Letter of Representation and Statement of Accounts for the financial year ended 31 March 2019 on behalf of the Council.

The amendment was carried unanimously.

Resolved (unanimously) to:

- i. Receive the Audit Results Report presented by Ernst & Young.
- ii. Approved the Statement of Accounts for the year ended 31 March 2019 subject to any remaining amendments per recommendation
- iii. Delegate to the Chair of the meeting and in consultation with the Opposition Spokes to approve any amendments to the Statement of Accounts arising from remaining audit procedures, provided that these do not have a material impact on the Council's reserves or result in any changes to the Auditor's opinion.
- iv. Authorised the Chair of the meeting to sign the Letter of Representation and Statement of Accounts for the financial year ended 31 March 2019 on behalf of the Council.

20/23/Civ Internal Audit Plan 2020/21

The Committee received a report from Head of Shared Internal Audit Service regarding the draft Internal Audit Annual Plan and Strategy, for 2020 / 2021.

In response to Members' questions and questions from the Independent Person, the Head of Shared Internal Audit Service said the following:

- i. The internal audit team had started to use Council Anywhere technology in June 2019, working remotely across many council sites; therefore, the team were prepared when council staff were forced to work from home during the current COVID-19 pandemic.
- ii. Believed there would be a change in way the team carried out future audits moving to a self-service approach (less disruptive to teams) while providing assurance quickly.
- iii. Important to be proactive with those teams who were facing new challenges and ways of working rather than wait to review these changes in twelve months from now.
- iv. Confirmed the follow on to the safety compliance under the HRA – electrical and gas safety compliance would be undertaken.

- v. Agreed that cyber risk was high in the current situation of COVID-19, there were fraudsters trying to take advantage of the crisis. Attended nationwide fraud briefings and the national cyber security centre had launched a new suspicious e-mail service. Information was shared with ICT and council staff were regularly made aware of cybercrime.
- vi. With regards to controls over income and spending, current reviews on accounts receivable and procurement cards had been completed. A review on accounts payable was close to completion.
- vii. Members of the team attended business continuity meetings before and during the current COVID-19 crisis therefore reviewing activity in real time, establishing if any risks were arising from the current situation and determining what advice could be given. This information would be beneficial when looking at the lessons learnt during this current situation.

Unanimously resolved to:

- i. Approve the draft Audit Plan and Strategy.
- ii. Approve the supporting Charter and the Code of Ethics.

The meeting ended at 6.36 pm

CHAIR