

# AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 19 JULY 2021 - 4.00 PM



**PRESENT:** Councillor K French (Chairman), Councillor Mrs M Davis (Vice-Chairman), Councillor I Benney, Councillor Mrs J French, Councillor N Meekins, Councillor J Mockett, Councillor M Purser, Councillor R Skoulding, Councillor R Wicks and Councillor F Yeulett

**APOLOGIES:** Councillor G Booth, Councillor M Cornwell and Councillor S Tierney

Officers in attendance: Amy Brown (Chief Solicitor and Deputy Monitoring Officer), Kathy Woodward (Internal Audit Manager) and Mark Saunders (Chief Accountant)

## **ARMC20/21 TREASURY MANAGEMENT ANNUAL REVIEW 2020/21**

Members considered the Treasury Management Annual Review 2020/21 report presented by Mark Saunders.

Mark Saunders explained that this was part of a series of three reports that the committee receive during the year. He outlined that the report focused on what had occurred during 2021 in terms of borrowing and temporary investments and explained that all the activities undertaken this year are in accordance with the Treasury Management Strategy approved in February 2021. Mark Saunders pointed out that any activities undertaken outside of the remit would be reported to the Audit and Risk Committee. He stated that the Council had undertaken no external borrowing and that all borrowing had been sourced through internal investments and predicted that the Council would need to undertake some external borrowing going forward.

Members asked questions, made comments and received responses as follows:

- Councillor Mrs J French asked whether the government grants received had any deadlines by which they needed to be spent? Mark Saunders stated that these needed to be invested by the end of March 2022 and that the Council was on track to do so.
- Councillor Yeulett asked whether the Council had considered the impact of a potential increase in interest rates and whether there was any plan for this situation? Mark Saunders replied that the potential interest rate rises would affect both investment rates and borrowing rates. He confirmed that inflation is built into the forecast throughout the year and that these factors are updated frequently. Councillor Benney further clarified that if interest rates were to change savers would also benefit.
- Councillor Wicks questioned whether the government grants received were solely for the Council or whether they can be used to benefit businesses and the wider population? Mark Saunders replied that most of the grants are highly specific and come with term and conditions attached. He specified that the Additional Restriction Grant is discretionary and that officers consult with Councillor Benney and Councillor Boden throughout the process in order to find the best benefit for the businesses of Fenland.
- Councillor Yeulett enquired about the difference between authorised limit and operational boundary on page 12 of the report. Mark Saunders clarified that the authorised limit is the maximum amount the Council can borrow before they are required to come back to Council

to alter that limit. The operational boundary is designed to inform the Council when they are close to the authorised limit. Mark Saunders clarified that the operational boundary and authorised limit are set by the Council at the beginning of each calendar year.

**Members agreed to note the report.**

### **ARMC21/21 INTERNAL AUDIT OUTTURN AND QUALITY ASSURANCE REVIEW 2020/21**

Members considered the Internal Audit Outturn and Quality Assurance Review 2020/21 report presented by Kathy Woodward.

Members asked questions, made comments and received responses as follows:

- Councillor Yeulett stated that some councils had failed to allocate all grants and asked for assurance that the Council had delivered on all? Kathy Woodward confirmed that the council had allocated all funding received so far excluding funding received in the previous week.
- Councillor Yeulett asked whether the assured areas would be audited once work returned to normal following the disruption caused by Covid-19? Kathy Woodward explained that these projects are permanent fixtures to which the Council always has an overview of and that these areas will be evaluated under the standard audit process throughout the year. She explained that due to nature of the audit plan and resources diverted due to the Covid-19 pandemic the team had additional time to complete more specific work which would not normally be covered.
- Councillor Benney outlined his and Councillor Boden's work in relation to the Covid business grants and the difficulty posed to the audit team due to the time constraints and detailed restrictions that accompanied the grants. He thanked Mark Saunders for his work in successfully distributing the grants across Fenland. Kathy Woodward supported the difficulty provided by guidance and reasserted that the Council endeavoured to support as many businesses as possible. Councillor Benney thanked the audit and finance team for the work they had done in a difficult situation.
- Councillor Mrs J French supported Councillor Benney in recognising the hard work undertaken by those involved in the business grant schemes including Peter Catchpole, Mark Saunders, and Kathy Woodward.
- Councillor Wicks asked whether in the past year there had been any situations where there had been no procedures or processes in place and whether there had been any errors in implementation due to the unprecedented challenges presented. Kathy Woodward confirmed there had been situations and used examples of the business grants scheme and the Covid-19 response from the Environmental Health team. She confirmed that these were new processes and that audit ensured they had oversight of these. Councillor Wicks asked for clarification that the Council now had procedures in place following the Covid-19 pandemic. Kathy Woodward confirmed this to be the case.

**Members agreed to note the report.**

### **ARMC22/21 CORPORATE GOVERNANCE COMMITTEE / AUDIT AND RISK MANAGEMENT ANNUAL REPORT 2020/21**

Members considered the Corporate Governance Committee / Audit and Risk Management Annual Report 2020/21 presented by Kathy Woodward.

Kathy Woodward explained that this report evaluated the effectiveness of the Audit and Risk Management Committee for assessment at Full Council and outlined the contents of the report.

She highlighted to members the significant improvements in compliance that had been made since the last report. Kathy Woodward detailed that the partially compliant areas were of little concern and outlined that the subcommittee created under the Audit and Risk committee meant that they were only partially compliant with section 11. She also noted that as there was no formal evaluation of the value that the committee added to the Council this area was also partially compliant. Kathy Woodward brought attention to the ongoing discussion around the potential need of an independent person to support the committee and reminded members that this would be discussed in a future meeting.

**Members approved the Annual Report for 2020/21 to be forwarded to Full Council.**

### **ARMC23/21 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2021/22**

Councillor K French presented Audit and Risk Management Committee Work Programme 2021/22 for information

### **ARMC24/21 ITEMS OF TOPICAL INTEREST.**

Kathy Woodward presented an update on the progress of the 2021/22 internal audit as requested at the last meeting.

Kathy outlined that the Audit team is now fully staffed and that she had resumed her full-time role at Fenland District Council. She informed the committee that the internal audit plan was on track and that all outstanding work from last year had been completed. She noted that there was still ongoing work with the business grants however the return to full time had reduced the pressure of this.

Members asked questions, made comments and received responses as follows:

- Councillor Benney pointed out that Ernst and Young had staffing problems the previous year and questioned whether they have been delivering in line with their timescales? Mark Saunders outlined that Ernst and Young are due to start their external audit on 23 August and results are expected on 29 November. He raised that technically this would fall outside the timescales outlined by the audit regulations which specify that this work should be done by end of September. Mark Saunders noted that the timescales are within those outlined by Ernst and Young in the Audit Plan presented at the last Audit and Risk Committee and that it was unrealistic to expect completion by the end of September. He confirmed that they had made representations to the PSAA to inform them of this situation. He confirmed that there was no issue for the Council in receiving these results at a slightly later date and that there was no penalisation for this. Their timescales have been extended for all audits and the Council has been placed in phase 3 of their plan.

4.44 pm

Chairman