

Minutes of the Audit and Risk Assurance Committee

**17 September 2020 at 5.00pm
Virtual Meeting**

Present: Councillor Bostan (Chair);
Councillors Allen, Hevican, Moore.
Mr Doyle and Mr Hussain (Independent Members).

Apologies: Councillors Jarvis and Preece.

15/20 **Declarations of Interest**

Councillor Allen declared an interest in the item referred to at Minute No. 19/20, as he was a director and trustee of Tipton Community Association, an organisation that leased property from the Council.

Councillor Bostan declared an interest in the matter referred to at Minute No. 19/20, as he was a trustee of Sandwell Visually Impaired, an organisation that leased property from the Council.

16/20 **Minutes**

Resolved that the minutes of the meeting held on 3 September 2020 are approved as a correct record.

17/20 **Audit and Risk Assurance Committee Annual Report 2019/20**

The Committee gave consideration to its Annual Report which detailed the areas of work undertaken by the Committee during 2019/20.

It was acknowledged that the Covid-19 pandemic had impacted on the work undertaken. In addition, there had been a delay in the finalisation of the 2018/19 Statement of Accounts.



Notwithstanding these issues, auditors had concluded that there were effective systems of control in place.

Agreed that the Audit and Risk Assurance Committee Annual Report 2019/20 is approved and presented to the next meeting of the Council.

18/20

Covid-19 Risk Register and Strategic Risk Register Update

The Committee received an update on the Council's strategic risks the arrangements in place to manage them, as well as the emerging risks as a result of the Covid-19 pandemic, as at August 2020.

The Covid-19 register had identified six new strategic risks, which mainly related to the business and the economic impact. There was a possibility that many of these risks would be further exacerbated if Britain left the European Union without a trade deal.

An earlier version of the register had been considered at the Emergency Committee in May 2020. The Cabinet and Scrutiny Board had also received reports outlining the financial impact of the pandemic as part of the budget monitoring process.

Whilst support was being provided to businesses, the full impact on businesses had not yet been realised due to the furlough scheme and the retention bonus scheme put in place by the government. The Executive Director - Neighbourhoods was looking at both the risks posed by Britain's exit from the European Union, and the impact of the pandemic on businesses in Sandwell.

In respect of the risk to health, wellbeing and life, an outbreak control plan was also in place to monitor the risks and included the impact on the Black and Minority Ethnic communities.

It was noted that appropriate governance arrangements were in place to ensure timely decision making in relation to the pandemic.

The Council's strategic register currently included 13 strategic risks- seven red risks and six risks assessed as amber.

In response to members' questions, it was noted that:

- The Reset and Recovery Board was looking at the communication with residents in terms of informing and communicating to them the reasoning behind the re-opening or continued closure of services as per the Reset and Recovery Plan.
- The Council had benchmarked its Covid-19 risks against neighbouring authorities to consider whether the risks identified by the Council aligned to those noted across the region. It was noted that the risks identified were similar and that the arrangements in place for mitigating actions were also largely the same.
- In terms of assurance around the effectiveness of the mitigations, it was noted that risk assessments are reviewed on a regular basis to ensure that the risks were being managed down. In addition, audit and fraud work around Covid-19 also provided additional assurances.
- The Council's cashflow remained good as a result of government grants being paid early in the year, however, there was a projected shortfall of £4 million against the emergency funding, which was being factored into the Medium Term Financial Strategy.

19/20

Internal Audit Annual Report 2019/20

The Committee received the Annual Internal Audit Report for 2019-2020, which summarised the work carried out by Audit Services throughout the year and provided an opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes.

The Head of Internal Audit reported that Internal Audit was able to provide reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes.

It was noted that there had been ten limited assurance reports, which it was felt was on the high side, however, a number of high risk areas had been looked at that had not been audited for some time. Overall though, an Unqualified Opinion had been issued.

Members expressed concern around the inconsistent application of the Council's fees and charges policy and questioned whether the administrative cost of implementing price increases of up to 3% was outweighed by the additional income received. The

Committee was advised that services had been in the practice of implementing increases that were best for their area, however, there needed to be an agreed policy.

There were also discussions around the use of grants and leasing arrangements with the Voluntary and Community Sector. A recent external review of the Council's wider leasing arrangements had also been undertaken in order to ensure that the best use of the Council's assets was achieved. Such best use also includes the consideration of community asset transfers where appropriate.

20/20 **Internal Audit Plan**

The Committee noted the Internal Audit Plan for 2019-20.

The Plan had been amended to reflect issues that had arisen from Covid-19, which meant that some work could not be undertaken in the short term (e.g. visits to schools). The Plan would remain fluid throughout the year while the Council continued to respond to Covid-19.

The Committee was assured that key and high risk areas were included in the Plan.

21/20 **Chartered Institute of Public Finance and Accountancy Audit Committee Update 30, 31 and 32**

The Committee noted the Chartered Institute for Public Finance and Accountancy's (CIPFA) Audit Committee Updates 30, 31 and 32.

22/20 **Audit and Risk Assurance Committee – Terms of Reference, Annual Review**

The Committee reviewed its terms of reference for 2019-20.

There were no changes proposed.

Resolved that the terms of reference for the Audit and Risk Management Committee for 2020-21 be approved for submission to the Council.

23/20

Counter Fraud Update

The Committee received an update on the recent areas of counter fraud activity that the Council's Counter Fraud Unit had undertaken.

During the Covid-19 pandemic the Counter Fraud Unit had continued to maintain a Counter Fraud role, but had also worked in conjunction with Finance, the Revenues and Benefits Team, and Regeneration and Growth in the administration of small business, retail, hospitality and leisure grants and discretionary business grants to support businesses and organisations based within the borough.

The Cabinet Office had published its report on the National Fraud Initiative (NFI) exercise for the period April 2018 to April 2020. Nationally fraud of £215.8 million had been detected and prevented in England. Data for the current year had now been submitted to the Cabinet Office.

In March 2020 the government had introduced funding to support small businesses and those affected by the lockdown. Local authorities were responsible for administering and paying small business and retail, hospitality and leisure grants ranging between £10,000 and £25,000. The Committee was assured that robust application and payment processes were in place, providing pre-payment fraud checks and due diligence, and a range of post payment assurance checks.

24/20

Work Programme 2020-2021

The Committee noted its work programme for 2020-2021.

Meeting ended at 6.34pm

This meeting was recorded and is available to watch [here](#)

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