

# AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY, 26 SEPTEMBER 2023 - 4.00  
PM



**PRESENT:** Councillor K French (Chairman), Councillor G Christy, Councillor J Mockett and Councillor S Tierney

**APOLOGIES:** Councillor G Booth

**OFFICERS IN ATTENDANCE:** Mark Saunders (Chief Accountant), Peter Catchpole (Corporate Director and Chief Finance Officer) and David Thacker (Interim Internal Audit Manager)

## **ARMC10/23 PREVIOUS MINUTES.**

The minutes of the meeting held on 24 July 2023 were confirmed and signed as an accurate record.

## **ARMC11/23 AUDIT RESULTS REPORT 2021/22**

Members considered the Audit Results report for 2021/22 presented by Mark Hodgson from Ernst & Young (EY).

**Members AGREED to note the Audit Results Report 2021/22.**

## **ARMC12/23 STATEMENT OF ACCOUNTS 2021/22**

Members considered that Statement of Accounts for 2021/22 report presented by Mark Saunders, Chief Accountant.

Mark Saunders asked that his thanks be recorded to Mark Hodgson, Jacob McHugh and Claire Sulam from Ernst & Young for all their assistance and help in finalising the accounts in what has been an extremely challenging year.

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

- Councillor Tierney stated that officers have done very well and he is pleased that the Auditor has reviewed them so proactively and it is pleasing to hear that they have challenged aspects of the accounts which the Council has been able to address accordingly. He added that, in his opinion, there maybe many councils across the country who would like to find themselves in the same position as Fenland District Council, who appear to have sound finances, are well managed and have everything in order as the Auditor has confirmed and he asked for his thanks to be recorded to everyone involved.

**Members APPROVED the Statement of Accounts and Annual Governance Statement for the financial year ending 31 March 2022 and delegated authority to the Chairman of the Audit and Risk Management Committee and the Corporate Director and Chief Finance Officer to agree any future amendments to the Statement of Accounts which may arise prior to the final sign off by the External Auditors.**

## **ARMC13/23 LETTER OF REPRESENTATION 2021/22**

Members considered the Letter of Representation presented by Mark Saunders, Chief Accountant.

Mark Saunders explained that the Letter of Representation was designed to confirm that the Council had released all the necessary information to the external auditors.

**Members APPROVED the content and form of the Letter of Representation and AGREED that it be signed by the Chairman of the Audit and Risk Management Committee and the Council's Chief Finance Officer.**

## **ARMC14/23 ANTI-FRAUD AND CORRUPTION POLICY**

Members considered the Anti-Fraud and Corruption Policy report presented by David Thacker, Interim Internal Audit Manager.

David Thacker explained that it has been some time since the policy was last updated and a lot has changed with regards to the obligations for fraud and corruption and, therefore, a new policy has been written by using the template from Cambridgeshire County Council. He stated that it is slightly more extensive, and it outlines what action the Council will take whenever there is an instance of fraud or any suspected corruption which comes to light. David Thacker stated that the Internal Audit Team does investigate fraud, as it is already built into the processes and functions of Internal Audit and the policy outlines the action that would be undertaken in order to conduct the review of such reports. He stated that it is also incumbent of all officers and members to follow a process if they detect any fraud or corruption.

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

- Councillor Christy stated that it is a very thorough document and he asked how the document is communicated out to staff and members as well as training? David Thacker stated that once the policy is approved it will be added to the Council's website and the internal Intranet for transparency and then it will be circulated in a communication to all staff. He added that he is currently in discussion with the Human Resources team with regards to how the training will be rolled out as each service area will have its own specific audit risks for fraud and corruption.
- Councillor Tierney stated that he is aware that some members of the public perceive that corruption is rife in every council and he has never seen any. He asked whether officers could outline any warning signs to assist people in identifying that there may be an issue. David Thacker stated that fraud and corruption can come at all levels and the fact that the Council interacts with the wider community, there could be kickbacks, for example, and if there is no vigilance over controls, processes and governance there could be instances of careless behaviour.
- Peter Catchpole stated that the External Auditors also look to identify this type of issue and he takes assurances from the External Auditors that everything is in order.

**Members APPROVED the updated Anti-Fraud and Corruption Policy.**

## **ARMC15/23 ANNUAL GOVERNANCE STATEMENT 2022 - 23**

Members considered the Annual Governance Statement 2022-3 report presented by David Thacker, Interim Internal Audit Manager.

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

- Peter Catchpole clarified with members that they have just approved the Annual Governance Statement (AGS) for 21/22 in the Statement of Accounts and the AGS for 22/23 will eventually be included in the Statement of Accounts for 22/23. He added that the

AGS is a standalone document because of its importance, and it is circulated to Management Team and then it is audited by the External Auditors as part of the 22/23 audit. Peter Catchpole explained that it is a live document although in a draft state, but he explained that he likes members of the committee to see it at its early stages because it is important for the committee to see the whole governance process in which the Council operates and highlight the controls that are in place, hence the importance of the document.

- Councillor Clark asked whether there is a reporting mechanism or log should there be any instances where individuals are found to be not acting with integrity and whether there is anything in place to support that this is working? David Thacker stated that if people do not behave with integrity there is a Code of Conduct in place for members and for officers. He added that there are also conflict of interests logs which will flag up where people are not acting with integrity. Councillor Clark asked where this information is recorded, and David Thacker explained that within Principal A it details where the Council has control around behaving with integrity, the Code of Conduct for Council Members and details concerning the Council's Code of Conduct including capability and disciplinary procedures.
- Councillor Clark asked where this information is recorded in order for it to be measured? Peter Catchpole stated that the Council has a 3c's process which records all the complaints, comments and compliments received along with various registers including gifts and hospitality. He added that any legal advice provided is also recorded and the Monitoring Officer keeps her own list of matters she needs to address when looking at the Code of Conduct. Peter Catchpole explained that the report tries to demonstrate where those issues are and how they can arise in different guises.

**Members considered the content of the Annual Governance Statement and APPROVED its content for inclusion in the Council's published Statement of Accounts for 22/23 in November.**

#### **ARMC16/23 INTERNAL AUDIT PLAN 2023/24 - UPDATE**

Members considered the Internal Audit Plan 2023/24 Progress Report presented by David Thacker, Interim Internal Audit Manager.

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

- Councillor Christy referred to page 251 of the officer's report where it refers to key issues, it mentions the vacancy for the Internal Auditor position, and he asked Peter Catchpole for an updated position with regards to recruitment? Peter Catchpole explained that he has asked David Thacker to undertake his position from a slightly different perspective, due to the fact that the previous Internal Auditor Manager had been in post for a significant period of time, which he explained is not a negative comment but sometimes a fresh approach is a positive step. He added that consideration is being given to extending the Interim post till the end of the financial year and a position for an Internal Auditor commences on the 9 October for the rest of the financial year. Peter Catchpole explained that over the course of the next six months he will be considering the various option for permanently resourcing the Internal Audit service. He added that the recent recruitment process did not receive any applicants and therefore neighbouring authorities are being contacted to consider possible consortiums but there needs to be an opportunity for further considerations whilst also delivering an Audit Plan which will satisfy the committee's requirements and the requirements to have an internal audit opinion for the 23/24 year.

**Members AGREED to note the revised Internal Audit Plan for 23/24.**

#### **ARMC17/23 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME**

Members considered the Audit and Risk Management Committee workplan.

Peter Catchpole stated that there are some items which have been placed against the month of November, however, they are subject to agreement from External Audit and the position of the External Audit Plan for 22/23 at that time and, therefore, there may be some fluidity with the workplan.

**Members AGREED to note the contents of the Audit and Risk Management Committee work programme.**

**ARMC18/23 ITEMS OF TOPICAL INTEREST.**

Peter Catchpole stated that members of the committee will beware of the PSAA route that was followed for procurement in light of a very difficult market. He added that the Council has the same auditors, however, there has been an impact with regards to a huge increase in audit fees. Peter Catchpole made the point that base fees have increased by 151% based on procurement only and to attract people into the field, with all the additional work that is required with regards to audit conduct and regulations it has added extra work onto auditors and until such time that there is a change to the Statement of Accounts requirements, audit fees will suffer significant increases. Peter Catchpole explained that the baseline for 23/24 has gone up from £57,373 to £144,000, which equates to an annual audit fee baseline based on the current standards and current regulations. He stated that the 151% procurement uplift is the same for every local authority across the country.

4.49 pm

Chairman